BANKERS ASSOCIATION JOURNAL OF THE AMERICAN BANKERS ASSOCIATION 53

MARCH 1953

National Unity and Purpose

(See "Washington")

Banking's Opportunities and Tools

(See BANKING'S Report)

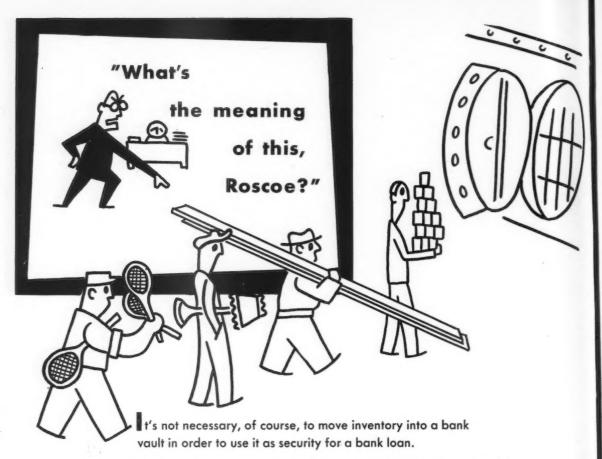
Good Relations

Government and Business: Abroad

(See "Outlook and Condition of Business")

The New Treasury Deputy Talks to Business Magazine Editors

(See page 3)



The practical way for your bank to arrange inventory loans is to let Douglas-Guardian issue field warehouse receipts on the borrower's merchandise. Under this procedure, the inventory stays right on the customer's premises, yet the loans you make are just as safe and secure as if you had the security right in your bank vault.

Douglas-Guardian has field warehoused over 400 different types of products including everything from lamps and lumber to canned goods and tennis racquets. For complete information on how to increase your loan business on a sound, secured basis just write or phone our nearest office.

YOU MAKE THE LOANS - WE'LL MAKE THEM SAFE

DOUGLAS-GUARDIAN



WAREHOUSE CORPORATION

"THE BANKERS' FIELD WAREHOUSE COMPANY"

NEW ORLEANS 1, La., 118 North Front St. NEW YORK 4, N.Y., 50 Broad St. CHICAGO 2, III., 173 W. Madison St. ATLANTA 3, Ga., Hurt Bidg. CLEYELAND 23, Ohio, 398 E. 232 St. DALLAS 1, Texas, Tower Petroleum Bidg. SPRINGFIELD 3, Mass., 172 Chestnut St. LOS ANGELES 14, Calif., Garfield Bldg.
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MARION, Ind., P.O. Box 742
GRAND RAPIDS, Mich., 1368 Walsh St., S.E.

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BANKING

IOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR MARCH 1953

Some material belongs in several different classifications but for your convenience is usually listed under one heading only

BANKING'S REPORT		THE ATMOSPHERE FOR CON	IVERSATION
PR Opportunities and Tools (page 35)		Donald A. Laird and Dick Ericson 54	
PR COUNCIL PROGRAM 37		BETTER BANK PUBLIC RELATIONS BY MAIL William H. Butterfield 72	
ADVERTISING	40	SUCCESSFUL SHOPPING CENT	
AGRICULTURE	42	December of Ottor in Can.	Edward R. Lucas 162
OPERATIONS	43		Edward R. Dacus 102
Publications	44		
COUNTRY BANKS	44	INVEST	FMENTS
LENDING	44		
CUSTOMERS, PERSONNEL	45	GOVERNMENT BONDS	Murray Olyphant 58
GRADUATE SCHOOL	45	INVESTMENT MARKETS	H. Eugene Dickhuth 59
News	46		
Savings	46		
RESEARCH	46	TAXES—TR	UST—LEGAL
Trusts	47	THE FAMILY DOLLAR	Earl S. MacNeill 68
WAR VETERANS	48		
WASHINGTON OFFICE	· 48	BANK LAW NEWS	John René Vincens 76
THE INSTITUTE	49		
		CHNED	A DIFFER
HERE AND ABROAD		GENERAL NEWS	
HERE AND ADROAD		OTHER ORGANIZATIONS	80
THE OUTLOOK AND CONDITION OF BUSINESS	3	BANKING NEWS	85
William	R. Kuhns 31	TRUSTS	87
BANKERS LOOK FORWARD	34		
WASHINGTON-THE BLUEPRINT OF AN		Instalment Credit	88
ADMINISTRATION Lawrence		NATIONAL INSTALMENT C	REDIT CONFERENCE 89
	rt Bratter 53	MORTGAGE CREDIT	90
CURRENCY CONVERTIBILITY	142	SAVINGS	91
		CALENDAR	93
7			
PEOPLE JUST A MINUTE 3		LOOKING INTO THE FUTURE OF SAVINGS AND MORTGAGE BANKING 95	
HEARD ALONG MAIN STREET Theodor		IDEAS FROM MID-WINTER T	
HEARD ALONG MAIN STREET TREOGOT	re rischer 29		Mary B. Leach 100
,		WHAT ABOUT THE NEW BA	ANKING CLIMATE?
OPERATIONS			William P. Bogie 107
		AMERICAN BANKERS ASSOCI	ATION) 14, 35-50, 60
	L. Cooley 56	AMERICAN INSTITUTE OF BA	NKING 85-93, 95-98
	I. McBain 57	GRADUATE SCHOOL OF BAN	KING 100-105, 107-112, 14
THE IMPORTANCE OF BUSINESS AUDITS	11/2/12/11/11	New Books	16
John 1	L. Carey 114		
		Business Aids	163
ADVERTISING—PUBLIC RELA	ATIONS—		4
COMMUNITY DEVELOPM		THE COUNT	TON DANKED
		THE COUN	TRY BANKER
(see BANKING's Report, page 35)		THE A.B.A.'s LONG-RANGE	LIVESTOCK PROGRAM 60
BANKING's FORUM-IN-PRINT	14	FINANCING TRUCK CROPS	
DENVER BANKS TALK TO STUDENTS	16	News for Country Bank	
DAINES TALK TO STUDENTS	10	TIENS FOR COUNTRY DAMA	NAME OF THE PARTY



Blazing Trails for a Nation

Canadians are a pioneering people. There were the epic voyages of discovery and the penetration of the fur traders into an unknown land. The clearing of farms and the building of towns followed, in surges of achievement that pushed the frontier westward through the Prairies to the Pacific.

The present generation of pioneers is still further extending our frontiers, this time to the North along

pathways of the fur traders. In areas which only yesterday were considered remote, great developments are taking place in uranium, oil, natural gas, iron ore, nickel and hydro-electric power, new resources for a dynamic country, new names on the map of Canada.

As an integral part of Canadian enterprise, our branches provide banking service at many of the key points in this northward expansion.

The Canadian Bank of Commerce

HEAD OFFICE - TORONTO

New York · San Francisco · Los Angeles · Seattle · Portland, Ore.

Over 600 Canadian Branches

Tre

Just a Minute

At the Treasury the Other Day ...

A FTER the Society of Business Magazine Editors had met last month in Washington, D. C., the members adjourned to the Treasury building to get acquainted with some of the new officials, including Undersecretary Marion B. Folsom and W. Randolph Burgess, consultant on debt management. From those two men the editors got a briefing on Treasury problems.

While Mr. Burgess was explaining the intricacies of the debt, BANK-ING'S photographer took the picture that's on our cover this month. The journalists, you'll observe, were paying close attention.

Special Report

THE public relations activities of the American Bankers Association

are the theme of Banking's Special Report for March. The work of the Public Relations Council, for obvious reasons, is extensively reviewed; but you'll also be interested in the PR angles of the programs being carried on by other A.B.A. groups.

Next month we hope to report on what the state bankers associations are doing in this field.

The Forum in Print

Our mail has been substantially increased during the past two or three weeks by entries to BANKING'S 1953 Forum in Print.

The exhibits of last year's bank advertising, mounted on panels or in scrapbooks, will be displayed for three days beginning March 17 at the New York University School of Commerce, Accounts and Finance in New York City. There the judges



"You mean you have to send them this much even under Eisenhower?"

will select the "best bank advertising of 1952." The entries thus chosen will receive Banking's Citation, and later in the month will be shown at the University's Graduate School of Business Administration. In June the Citation winners move to Rutgers University for the resident session of The Graduate School of Banking.

The number of entries received in advance of the midnight March 1 deadline was substantial, and we

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

The striking photograph on this month's cover of BANKING shows W. Randolph Burgess, Treasury deputy and consultant on debt management, discussing that important subject with a group of members of the Society of Business Magazine Editors. The editors were visiting Washington on one of their periodic trips for the purpose of interviewing Government officials. (See also page 52.)

The Staff

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BUNRTEL





BANKING is a member of the Audit Bureau of Circulation, the Magazine Publishers Association, Inc., and the Society of Business Magazine Editors

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Circulation Manager ROBERT M. ROHRBACH

The doors to the Union Pacific West...



are open to INDUSTRY

Somewhere in this vast western area there's a location that's ideal for your requirements . . . for manufacturing, assembly, distribution, warehousing or some other purpose. Furthermore, there are many material advantages and attractions that make for employee contentment.

For specific information, we suggest you contact your nearest Union Pacific representative or write the Industrial Development Department, Room 252, Union Pacific Railroad, Omaha 2, Nebr.

Be Specific - Ship "Union Pacific"

UNION PACIFIC RAILROAD

hope that this year's Forum will be "the best yet."

The 1952 Pamphlet Reports

It's been a pleasure to browse through the 1952 bank pamphlet reports that have come to BANK-ING's desk. Here are some general impressions:

The trend continues toward providing more information on operations, services, personnel. It's presented in terminology familiar to the layman. Simple charts are a big help.

Increasing use of color, good design and typography, skillful layout, pictures, drawings, and other physical features, facilitate reading.

There's a growing tendency to show the bank at work. Many reports are illustrated with photographs of activity in the various departments.

Banks are explaining—again in layman's terms—their services to industry, to the public, and to the community. In other words, the reports are good public relations.

To a rather large extent, front covers are attractive, eye-catching. They say: "Come on, now—lock inside." And of course you do.

Some banks with branches call attention to each office and the job it's doing.

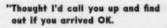
Numerous reports contain commentaries on public affairs, business conditions, and the outlook, by the executive officer or officers. (Excerpts from several of these "editorials" appear elsewhere in Bank-ING.)

Originality of format (but not too much), clear (but not fancy) (CONTINUED ON PAGE 6)

"Would you mind staying and talking a few minutes? Sometimes I get so lonesome"



"Hello, Mother! It's Me!"



"No, it didn't take long. Seemed like I'd just given the operator the number when I heard your voice.

"Good thing I remembered to jot down Aunt Sue's number when you were there the last time."



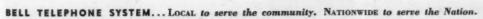
YOU'LL FIND THIS IS A GOOD IDEA FOR YOU, TOO...

Call By Number

You save time on out-of-town calls when you give the Long Distance operator the number you want.

So here's a helpful hint. Write down the out-of-town numbers you already know. If there's a new number you don't have—or an old one you've forgotten—be sure to add it to the list when the operator gives it to you.

The Bell Telephone Company in your community will gladly give you a free Telephone Numbers Booklet.



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The Shamrock

AND A WELCOME

WIDE

AS TEXAS

Special week-end rates for rooms.

The Shamrock

HOUSTON

GLENN McCARTHY, President
M. JACK FERRELL, Managing Director



A Complete Line of Money Wrappers

Cartridge Cointainers Currency Straps
Tubular Coin Wraps ABA Style Straps
Window Coin Wraps Auto-wrap Bill Bands

Send for Free Samples

STANDARD PAPER GOODS MFG.CO WORCESTER 8, MASS. (CONTINUED FROM PAGE 4) writing, attention to production details (quality of paper, printing, etc.), a friendly approach, and comprehensive, expository reporting of the bank story can make today's report a valuable public relations tool.

But wait a moment—let's not be too pleased with ourselves. A report to end all reports just came in, and it's issued by the Hollandsche Bank-Unie N.V., whose general management is in Amsterdam.

This 206-page document is a reminder that Americans aren't the only folks who can do a job. Printed in two colors, illustrated with picture charts and maps, the report reviews not only the affairs of the Netherlands bank and the many foreign offices, but of the countries as well. It's a young encyclopedia of fiscal and economic information. Our edition is in English; there must be one in Dutch, and other languages, too, for the nations covered are the Netherland Antilles, Argentina, Brazil, Israel, Turkey, Uruguay and Venezuela.

Stolen: 1,500 Pages of Shakespeareana

ON December 20, 1952, the home of WALDO P. MAXWELL of Niles, Illinois, was robbed of a small safe containing approximately 40,000 rubles worth of old Russian bonds and a five-volume 1,500-page manuscript work on William Shakespeare.

MR. MAXWELL, in reporting his loss to BANKING, doesn't seem particularly worried about the bonds, for they're of 1916 vintage. But he would like to recover the manuscript, life work of his father, JOHN



M. Maxwell of Indianapolis, a journalist, author, playwright and student of Avon's bard. He thinks that perhaps the bonds will turn up at a bank or security house for checking, thus providing a clue to the treasured leather-bound, illustrated volumes.

If the missing work is restored to him, MR. MAXWELL plans to give it to a university, probably the University of Pennsylvania. Theodore Dreiser, he says, had "proclaimed it a masterpiece." The rightful owner's address is 7504 Kenney Street, Niles.

BANKING'S Cartoons

CITY National Bank and Trust Company of Columbus, Ohio, is using several of our cartoons to illustrate its newspaper advertising.

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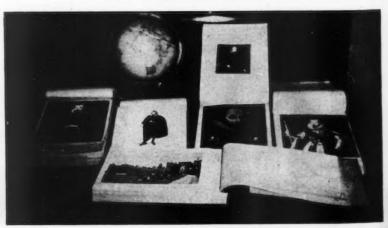
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Many of these drawings, as well as our frequent full-page cartoon stories by DICK ERICSON and GRA-HAM HUNTER, are well adapted to

(CONTINUED ON PAGE 11)

The missing Maxwell manuscript



IT'S THE SAME BUILDING



... but look at the difference a new Pittsburgh Store Front makes!

Cranston branch, Citizens Savings Bank & Trust Company, Providence, R. I.

Architects: Cull and Robinson, Providence.



This is a good example of how Pittsburgh Products can be used to give a bank a friendly, progressive look that helps build depositor-confidence . . . and new business. The open-vision front of Polished Plate Glass set in lustrous Pittco De Luxe Store Front Metal lets the public view the bright interior of this modernized bank . . . pleasantly banishes the appearance of formality usually associated with banks. The entranceway of Herculite Tempered Plate Glass Doors and Sidelights extends an invitation that the passing public will want to accept.

There are many other eye-pleasing Pittsburgh Products that can help make a bank more attractive to the public . . .

a more efficient, pleasanter place to work. Why not put these business-boosters to work in *your* bank? Modernizing the retail properties you manage is also an effective way to bid for increased business, for modernizing keeps present tenants happy... attracts new tenants... increases the rental value of the property. And we believe that loans to local merchants for modernizing *their* stores represent sound risks... and another way to increase your deposits.

For further information on Pittsburgh Products and examples of actual Pittsburgh modernizations, just return the coupon below for our free booklet.

Store Fronts and Interiors by Pittsburgh



Pittsburgh Plate Glass Company Room 3152, 632 Duquesne Way, Pittsburgh 22. Pa.

Without obligation on my part, please send me a FREE copy of your modernization booklet, "How To Give Your Store The Look That Sells."

Name....

Address



PAINTS . GLASS . CHEMICALS . BRUSHES . PLASTICS . FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

You can see the savings on every roll...

WHEN YOU OWN MODERN BURROUGHS MICROFILMING

Every time you project Burroughs Microfilming, you can literally see the savings on every roll—visible economies that often slash film costs up to 80%, because Burroughs uses 8-mm photography on 16-mm film to more than double the number of images per foot of film. Record keeping costs are cut still further by the high reduction ratio (37-1).

Other savings—plainly visible on your cost records—are offered by the Bell & Howell Recorder, sold by Burroughs, which cuts job-time with high speed automatic feeding and simplified hand feeding, plus many other economy features not found in older type machines.

There's no waiting for Bell & Howell equipment. You get immediate delivery . . . the assurance of years of trouble-free operation, maintained by the highly trained nationwide Burroughs service organization . . . plus rapid, expert film developing. Remember, too, there's no rental to pay—the equipment belongs to you.

No wonder users everywhere are turning to Burroughs Microfilming for seeable savings. Why not take a tip from them and see for yourself? Call your Burroughs man today. He'll give you facts on the savings you can make. Burroughs Adding Machine Company, Detroit 32, Michigan.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



3 reasons why so many people say "Burroughs Microfilming is be



MOST MODERN EQUIPMENT

The high-speed Recorder represents 40 years' experience by Bell & Howell in the making of precision photographic instruments. Its modern features make obsolete most microfilming equipment now in use.



FAST, EXPERT SERVICE

612 Burroughs service centers provide skilled service instantly to keep your Bell & Howell equipment in tip-top shape. 25 convenient processing stations assure fast, experish me developing.

You p

Micro

& H

advan

equip



View of St. Louis from Illinois town in 1852



February 23, 1853 - an historic day.

On that day, by Act of the Missouri Legislature, there was incorporated in St. Louis, gateway and capital of the then Western Wilderness, a new property insurance company, now named the American Central Insurance Company, with the purpose of providing protection to that young community in its economic struggle to predestined greatness.

February 23, 1953 ~ Centennial Anniversary

of the

AMERICAN CENTRAL INSURANCE COMPANY

of St. Louis. Missouri



A Bulwark of Protection

Grown strong in the confidence of Insurers by

100 YEARS of Honorable Performance A pioneer company, proud of its heritage of service to the local community that has become the St. Louis of today, one of America's leading cities, and proud too - that continuing its early traditions, it serves now, a century later, the Public and Business World in local communities and great cities all over the United States and its territories, as well as in several Canadian provinces.



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HOME OFFICE: ST. LOUIS, MISSOURI . EXECUTIVE OFFICE: ONE PARK AVENUE, NEW YORK 16, N.Y.



(CONTINUED FROM PAGE 6) promotional purposes, and a number of banks and business firms ask our permission to reproduce pieces

they especially like.

For example, the other day Bank of Montreal requested permission to reprint in its staff magazine (circulation 10,000) the Hunter cartoon "Modernization—the Best of It Is Free" which appeared in the January issue.

Washington Portrait

THE RIGGS NATIONAL BANK of Washington, D. C., has a brochure containing the "Washington Portrait" advertisements it has published during the past two years.

Twenty important capital buildings, monuments and scenes are portrayed by the cameras of Ollie Atkins, Washington photographer of the Saturday Evening Post, and Charles Baptie. There's a brief commentary on each picture.

In a forward, ROBERT V. FLEMING, chairman and president of the Riggs, says the bank has received many requests for the series, adding: "... we feel that the portrayal

depicts the fundamental beauty and grandeur of the Nation's Capital and the expanding influence of the community we have been privileged to serve during the 117 years of our existence."

"Washington Portrait" was originated, titled and written by ROLAND T. CARR, Riggs vice-president and advertising officer, in collaboration with HULBERT T. BISSELLE, senior vice-president.

A Lincoln's Birthday Associated Press dispatch from Washington reported that \$201.80 was still on deposit at the Riggs to the credit of the "A. Lincoln Hospital Fund."

"The record of the balance," said the story, "was found in an old ledger by a bank official searching in the files for any new information on one of its most famous depositors.

"The money will remain in the bank. It was deposited as a checking account and draws no interest."

The Saturday Evening Post for February 14 had an article on the account, co-authored by Mr. CARR and HUGH MORROW.

Philadelphia's bustin' out all over!

- Everywhere you go in this great and growing metropolis, you'll see signs of new construction, plant expansion, new homes being built to house our workers.
- Right close to all this expansion is Central-Penn—financial adviser to business and industry here for over 120 years.
- If your customers need advice in this area—why not get in touch with us today?

CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

To get the true financial picture

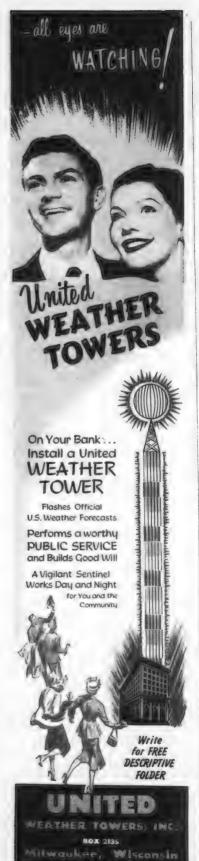
 Original cost is past tense — Replacement cost is present tense.
 Property records established and maintained by American Appraisal Service provide control on both bases.

The AMERICAN APPRAISAL



Company

Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES



From an Armful of Beaver Skins . . .

"A CENTURY ago," reports ROY J. DUNLAP of the St. Paul Pioneer Press, "a Sioux Indian sloshed through the muddy streets of St. Paul. He paused before a tiny office at Third and Mountain Streets, and then entered.

"'How much?' he grunted, tossing an armful of prime beaver pelts on the desk of a startled young banker.

"Parker Paine, an easterner newly arrived in the raw, wild territorial capital city, had every right to be startled. Just a few minutes before he'd unlocked his office for the first time. And here was his first patron, a half-naked Indian—and his first transaction, a deposit of furs.

"Six years after Paine opened his doors, he formed a partnership with the Thompson brothers, James and Horace, New Englanders like himself. The Thompsons split with Paine in 1861 and three years later obtained the first Federal banking charter in St. Paul, thus originating the present institution's name."

Reporter Dunlap goes on to say that this year the FIRST NATIONAL BANK OF ST. PAUL, financial descendant of Paine's venture, is celebrating its 100th birthday. Numerous special events are scheduled, including a series of historical displays in the lobby. It's also distributing golden medallions and old maps of the city.

An open house is planned for the week of September 28, when many of the staff members will wear costumes of pioneer days. There'll also be guided tours for the public.

J. L. C.



"Who's getting a loan at your bank?"

BY THE WAY

Every family has a choice of keeping up with the neighbors or with the creditors.

A scientist says a butterfly eats practically nothing. He apparently never took one out to dinner.

We often wonder why those oneapplication cures for dandruff, gout, and fallen arches always come in such large bottles.

We have to admit the atom was all it was cracked up to be.

Like the taxpayers, Uncle Sam has trouble keeping down his waste line.

When some one says it pays to hustle, we remember the camel always has a hump on and is only taken for a ride.

One of the historical displays the First National Bank of St. Paul is showing in the lobby in observance of its centennial year



in STRENGTH there is SERVICE

In Texas alone, the majority of the state's more than 900 banks use Republic as a principal correspondent. That's why items to and from the Southwest move faster, more directly when you route Republic.

Capital and Surplus \$42,500,000.00
Largest in the South

REPUBLIC NATIONAL BANK

MIMBEB FEDERAL DEPOSIT INSURANCE CORPORATION



- The Lowest Priced Modern Changes
 Now more than 4500 satisfied users—banks, savings-loan, theatres, stores, ticket offices.
- Sturdy aluminum—gray hammertone finish.
 Compact, 8" x 10" x 61/4"—Weight 9 lbs.
- Trouble-free—all parts and workmanship unconditionally guaranteed.

guaranteed.

AT BANK AND OFFICE SUPPLY DEALERS

(ith roll-out base — \$22.50 extra, plus

With roll-out base — \$22.50 extra, plus tax (Model 1107 with silver dollar key — \$70, plus tax)
METAL PRODUCTS LYGINETRING, INC.

Today — every bank needs a lift

All banks can profit by Sedgwick Coin Lifts and Correspondence Lifts.





Many banks need Sedgwick Food Lifts or Sedgwick Sidewalk Elevators.

Most banks can improve the value of residential property, in which they or their clients are interested, with Sedgwick Residence Elevators or Stair Travelors.

Every bank is impressed by Sedgwick's 60 year record of safe, economical equipment performance.











Sedgmick MACHINE WORKS.
134 WEST 13500 ST. NEW 10180 II. N. V.
Specialists in Vertical Transportation Since 1893







FORUM-IN-PRINT JUDGES

Top left, Dr. George Burton Hotchkiss

Above, William B. Hall

Left, John B. Mack, Jr.

BANKING's Forum-in-Print

Banking's 1953 Forum in Print, which will open the middle of this month at New York University's School of Commerce, Accounts and Finance, will bring together entries from all parts of the United States and from leading Canadian banks. From among these entries will be selected the "best bank advertising of 1952."

Pictures of the judges who will make these selections appear at the top of this page. Dr. Hotchkiss is Professor Emeritus of Marketing, NYU School of Commerce, Accounts, and Finance; Mr. Mack, formerly director of the American Bankers

Association's Advertising Department, is now head of his own advertising agency in New York City; Mr. Hall is president of the Financial Public Relations Association and vice-president of The Detroit Bank.

After the judges have made their selection, these "best" entries will receive Banking's Citation and will go on display at New York University's Graduate School of Business Administration before they are announced in Banking's May issue. Later they will be shown at The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University.



Like to "borrow" a division of our Commercial Department?

It happens often, as you know. You are working with a customer, or a prospective customer. In order to help him to the fullest extent and protect your own operation, you need to know more about the business he is in than can be found out locally.

You need the help of specialists—and that's just what we have for you at The First National Bank of Chicago.

Our own lending operations are conducted not by geographical territories, but by industries. Each Division of our Commercial Department handles loans for a small group of basic industries and for those industries alone. The Division officers become specialists,

spending much time in the field learning those industries as well as they know banking.

By means of ten Divisions we cover all industry. And we believe we have more specialized information in each Division than you can ordinarily find in other banking institutions.

As a correspondent of ours you are entitled to the service of any of these Divisions—without limit. And, of course, this is but one of the many correspondent services of The First.

If you would like to talk over the advantages of being a correspondent of The First, just ask us to have "the man from The First" call on you.

EDWARD E. BROWN, Chairman of the Board

James B. Forgan, Vice-Chairman
Homer J. Livingston, President
Walter M. Heymann, Vice-President
Harold V. Amberg, Vice-President
Hugo A. Anderson, Vice-President
Gaylord A. Freeman, Jr., Vice-Pres.
Herbert P. Snyder, Vice-President



The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Denver Banks Talk to Students

HE banks in Denver, Colorado, have a school relations program that's doing quite a job. Working together, and in close cooperation with the school authorities, they send bankers to the classroom to talk about banking and its place in the American economy. The students, in turn, visit the banks. and there are annual dinner meetings with the faculties and administrators of the city's educational

School talks and tours are not, of course, unusual; many banks have similar projects. But the Denver program has continuity (it's been operating more than a dozen years); it's cooperative (all the banks take part); and it's producing some rather impressive results.

The other day BANKING cornered James K. Sanbourne, manager of the Denver National Bank's advertising department. He's been close to the program since it started in 1939, and had recently talked about it briefly at a meeting of the Financial Public Relations Association.

RESULT: "LITTLE BASIC HOSTILITY TOWARD BANKS"

Is this program worthwhile? Within the past year The Denver National Bank sponsored a survey by a research service. One of the questions was, "Do you think banks generally are doing a good job, a fair job, or a poor job?" Seventy-seven percent of the replies said a good job, 18 percent said fair, and only 3 percent poor. Two percent were undecided.

Commenting on this showing, Mr. Sanbourne says: "In other words, there is now in the Denver area little basic hostility toward banks. Other factors have a bearing on this, of course, but the picture is so much better than that disclosed by surveys in other parts of the country that we cannot but feel our school program has contributed significantly to the better general attitude toward banks here."

"Let's have the background, the mechanics and the accomplishments of this high level piece of bank public relations. And the thinking behind it, too."

Mr. Sanbourne's reply was a pleasant "Sure," supported by a long letter which made the preparation of this article easy.

The Denver program is carried "Tell us the story, Jim," we said. on in the junior and senior high schools, and to a lesser extent in the parochial schools, the University of Denver, Westminster Law School, and Colorado Women's College. It has been under the auspices of Denver Chapter, American Institute of Banking, and it enjoys "the complete confidence of the schools and the enthusiastic backing of bank management."

"On invitation from classroom teachers," Mr. Sanbourne continues, "speakers from the banks-and we have had as many as 32 speakers on our panel—visit the classes and give talks built around questions submitted by the students. In most instances the classes have made a study of banking prior to each speaker's visit. This results in the student's being what the schools call 'motivated.' They become genuinely interested in the presentations and do not regard the speakers' visits as 'days off'; nor do they gaze out the window, feeling that the information is foreign to their classroom work.

"Properly 'motivated' students are attentive and interested. They pepper the speaker with questions during the question period, talk excitedly about the subject to parents and friends, and generally bubble with enthusiasm when the class plans a visit to the banks.

"Always, of course, we choose our speakers carefully, placing greatest emphasis upon the friendly personalities of the individuals. After all, much that the speakers say will

A junior high school class hears about banking from James K. Sanbourne. manager of The Denver National Bank's advertising department, and member of the Special School Services Committee, Denver Chapter, American Institute of Banking. Seated at the table is Mr. Sanbourne's understudy, Eugene Hultman, assistant cashier, Colorado National Bank



(CONTINUED ON PAGE 18)

U. S. D. A.
SOIL CONSERVATION
SERVICE

provides technical help for

Your Place in holding

America's lifeline

LOCAL
SOIL CONSERVATION
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who get power for the job from

FARM EQUIPMENT DEALERS

and financial backing from

LOCAL BANKERS Soil conservation — keeping our croplands, ranges and forests productive — is generally recognized as a highly essential activity. But it may be difficult to recognize your own place in the big, over-all effort.

Here is a general view of the nation-wide pattern:

- Behind many of the proved practices which save soil and boost yields, is the dedicated knowledge and single purpose of the Soil Conservation Service itself: saving the soil through halting erosion and through right land use.
- The SCS provides technical aid and information to almost 2,500 local Soil Conservation Districts, each operating under state law and controlled entirely by locally elected supervisors.
- Farmers within each district receive detailed suggestions on how a soil conservation farm plan can make their land more productive and save it from erosion.
- Farm equipment dealers sell the modern power machinery required and Local Bankers provide the needed financial support, for the final step. It is this kind of teamwork that makes soil conservation profitable for all concerned.

But the job is only one-fifth done. Each group will be needed even more in the years ahead — to finish what we have begun, to keep our lifeline of soil equal to our growing need for food.

ALLIS-CHALMERS
TRACTOR DIVISION - MILWAUKEE 1, U. S. A.

PAPERS

(confidential, obsolete records, waste, newsprint, rolls, sheets, small pieces)



Out come unreadable shreds **VALUABLE** packing material. without noise, dust or litter.

- SHREDMASTER shredding machines . . .
 - · pay for themselves quickly are completely safe
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- Designed for office environment
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Table Model (all-purpose machine) • 14-inch cutting width

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For Complete Information Ask for Circular #3

THE SHREDMASTER CORPORATION

Division of Self-Winding Clock Company 215 Willoughby Avenue, Brooklyn 5, N. Y.

soon be forgotten, but the friendly impressions will remain. These, more than the information, are the bases for the students' future at-

(CONTINUED FROM PAGE 16)

titudes towards banks.

"We're also careful to send only men experienced in the fields on which they're speaking. These men make their talks rich with personal illustrations, and they speak with sincerity and authority-two necessary ingredients for any talk that is to sound interesting."

As the program has developed during the years, the banks have not lost sight of their original objectives: to set forth the How and Why of banking.

"We describe this economic system of ours in terms that will leave crystal-clear that this is the American system of banking, that it's different from any other, and that it was this system which, at least in part, made possible the free movement of goods, aided in the development and expansion of enterprise, made and is making greater opportunities, and continues to contribute to a way of life that provides greater abundance and opportunity to a larger proportion of the population than any other system on earth."

Since the program began, many of the students to whom the bankers talked have become adults, and are now in business. Many are depositors in Denver banks. Some are working in banks.

"From all indications," says Mr. Sanbourne, "the students who were exposed to our program are today more favorably disposed toward banks than are those who did not hear the talks and did not have the opportunity to visit the banks."

"I Saw a \$1,000 Bill!"

For the tours a class of 30 students is usually divided into three groups, each visiting a different bank. Larger units, it was found. couldn't hear the tour conductor satisfactorily over the operational noises. Whenever possible, the trips start at closing time, 3 P.M. This gives the banks an opportunity to take the young people behind the scenes at the height of activities, and to see the closing of the vault.

C

"At some time during the tour we pass around a \$1,000 bill, letting each student handle and examine it. This is well worth doing, for many of the visitors never again will have such a chance. More than that, the experience gives each young person something to talk about with his friends; also, it makes him feel important, and that the bank has confidence in him.

"We try to have the bank presi-(CONTINUED ON PAGE 137)

These Denver junior high students are off for a bank tour with Miss Veronica Smiley, coordinator of the program at her school



JEWELRY

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PURCHASED APPRAISED BIDS SUBMITTED

Jewels of Any Description

DIAMONDS **PEARLS EMERALDS** SAPPHIRES RUBIES

GOLD, SILVER OR PLATINUM **EWELRY**

CHARLES BRAUNSTEIN & CO. 608 FIFTH AVE., NEW YORK 20, N.Y.

BANK REFERENCE MANUFACTURERS TRUST CO. 513 FIFTH AVE. . NEW YORK, N.Y. "National Homes Builders . . .

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consistently offer
the lowest
price and the
highest value
in Homes"





• This fact was disclosed by an unbiased survey conducted by James C. Downs, Jr., President, Real Estate Research Company, Chicago. His report states:

"It can be said conclusively that in areas in which National Homes builders operate, they are consistently in a position to offer the lowest price and the highest value in the markets which they are serving."

Another big reason why mortgages on National Homes are such sound long-term investments!



Inquiries are invited from financial institutions seeking steady sources of supply for home mortgages.

National Homes prefabricated panels and structural parts as they leave the assembly plant carry the Good Housekeeping guarantee seal and the Parents' Magazine seal of commendation as advertised therein.





This department is compiled by Theodore Fischer of Banking's staff.

Bank Buys City Hall; Also the Fire House

AFTER 80 years at the same location, the OIL CITY (Pennsylvania) TRUST COMPANY decided it needed a new home. To that end it has purchased property which includes the city hall and fire house and expects to have a modern new bank building there in about a year. The city and the No. 1 Fire Company are both looking for temporary quarters pending construction of new buildings.

That isn't the only news from the bank—it is taking over the First National Bank of Oil City and around April 1 will operate it as a branch.

And the bank has made four promotions: Vice-presidents, L. C. Bra-HAM and C. J. BILTZ; auditor, F. D. ZIEGLER; secretary and treasurer. B. J. CONRAD.

The Louisville (Kentucky) Trust Company has two new directors: H. G. WHITTENBERG, head of a construction firm and prominent in realty and real estate development, and DAVID P. REYNOLDS, director and vice-president in charge of the general sales division of Reynolds Metals Company.

These promotions have been announced by the First National Bank of Mobile, Alabama: JOHN D. TERRELL, senior vice-president and cashier; JAMES T. OVERBEY, senior vice-

Heard Along N

president; A. DANNER FRAZER and CHARLES E. VAN DEVENDER, vicepresidents.

Treasurer RAYMOND D. CADMUS and Secretary MARTIN SUKENICK were named executive vice-presidents of the Broadway Bank and Trust Co. of Paterson, New Jersey.

W. NIVER WYNKOOP, vice-president of First Trust and Deposit Company, Syracuse, New York, has been elected to the board of directors. He is an alumnus of The Graduate School of Banking, Class of 1939, and is chairman of Group IV of the New York State Bankers Association. Another new director is DEALTON J. RIDINGS, Syracuse industrialist.

Walter S. McLucas

Walter Scott McLucas, chairman of the board of the National Bank of Detroit died on February 5. He was active in years past in the A.B.A. Trust Division—its president in 1927-28.

MR. McLucas came to Detroit from Kansas City in 1933 to become president of the National Bank of Detroit, which was organized that





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R. Erdman Wilson A. G. Ropp

year by General Motors and the RFC to provide banking facilities for the city, then without them owing to the bank holiday. The bank is now one of the 12 largest in the country.

R. ERDMAN WILSON has been named special representative of the Florida National Group of Banks and will call on correspondent banks in the Middle West, Southwest, and Eastern Seaboard states.

A. G. Ropp has been named president of the Industrial National Bank, Detroit, succeeding GLENN F. TURNBULL, who becomes board chairman. CLIFFORD L. RUGG becomes a director, senior vice-president, and secretary of the board. MR. ROPP is a member of the Instalment Credit Commission of the American Bankers Association. JAMES P. BEATTIE, HEYWARD T. DENYES, WILLIAM R. McLean, and Albert O. WERNER are now general vice-presidents, and OTTO A. LILL was named general vice-president and cashier. Three new vice-presidents are: SETH B. SLAWSON, MAURICE F. TEHAN, and THOMAS J. KING.

Vice-presidents ROBERT D. BAR-CLAY, JR., and FIDEL G. CHAMBER-LAIN, JR., of the National Bank of Commerce of San Antonio, Texas, have been elected to the board. Both are grandsons of the bank's founder and have spent their entire business lives with the bank. A third new director is HOLMAN CARTWRIGHT, F'ederal Reserve Bank director.

Ten days after its building was wrecked by the earthquake in late August, Security-First National Bank in Bakersfield, California, was back in complete operation in this 40 x 80 Quonset hut. Photo shows old building being demolished to make way for new structure—this one to be earthquakeproof



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THOMAS BORIGHT, JR., associate publisher of Commercial West, has been elected president of the Twin City Financial Public Relations Association. Other officers elected: secretary and treasurer, THEODORE SIMON, assistant vice-president, American National Bank of St. Paul; program chairman, RALPH W. CROULEY, cashier of Marquette National Bank of Minneapolis.

For Cancer Research

EMPLOYEES of the SECOND NATIONAL BANK of Houston, Texas, have presented a check for \$1,004-30 (about \$2.50 each) to the M. D. Anderson Hospital for Cancer Research at the University of Texas. The money is to be used to furnish and equip an examining room on the first floor of the hospital, and the room will be marked with a plaque indicating that the donors are "The Employees of the Second National Bank of Houston."

In acknowledging the check, the University said that "Gifts such as this are of very real encouragement and material assistance in our everexpanding program of patient care, cancer education, and cancer research." The letter concluded with an invitation to the bank employees to come and see the room when it is completed, and take a tour of the entire building.

ROBERT A. LOVETT, who resigned on January 20 as Secretary of Defense, rejoins the private banking firm of Brown Brothers Harriman

& Co. on March 1 as a general partner.

At the National Bank of Commerce, Seattle, Washington, R. W. Sprague, vice-president and senior trust officer, becomes chairman of the bank's trust committee; John T. Glase, advances to vice-president and manager of the trust department; Charles H. Olswang and Royal A. Sawyer are vice-presidents.

NYFAA

EDWARD F. McDougal, of the public relations department of Bankers Trust Company, was advanced to president of the New York Financial Advertisers Association. He succeeds RICHARD MEYER of the Dow-Jones News Services and the Wall Street Journal.

Other officers: first vice-president, HOWARD J. CARSWELL, Guaranty Trust Company; second vice-president, EDWIN GOAT, Bowery Savings Bank; secretary, ISABELLE MURRAY, Hudson Advertising Agency; treasurer, ROBERT J. STIEHL, BANKING.

Directors elected are: Retiring President RICHARD MEYER; C. B. AXFORD, American Banker; DORCAS



Who says there's no bank that gives away samples? The St. Joseph Bank & Trust Co., South Bend, Indiana, did just that in connection with its open house dedicating its \$400,000 remodeling. The bowl holds bright new pennies

CAMPBELL, East River Savings Bank;
J. J. LAWLOR, National City Bank;
LOUIS MUNRO, Doremus & Co.;
ROLAND PALMEDO, Lehman Bros.;
EARL C. SANDMEYER, Chemical Bank
& Trust Company; QUENTIN SMITH,
Albert Frank-Guenther Law, Inc.;
CLARENGE L. STILWELL, Ninth Federal Savings & Loan Association;
and Bradford Warner, Fortune.

GUIDO F. VERBECK, Jr., is now a vice-president of Guaranty Trust Company of New York.

WAYNE A. FREELAND, of the sales finance department of The Bank of Virginia, Richmond, has won the Associate Award from the National Institute of Credit for completion of courses in credit education and meeting certain experience requirements in credit management. Last

Tellers at the Citizens and Southern National Bank, Valdosta, Georgia, carry on with business as usual during the recent influenza epidemic. Executive Vice-president James W. Blanchard ordered the wearing of the surgical masks to protect the tellers from the customers and vice versa





year's award was won by WALTER M. BOYER, JR., of the same bank.

The NATIONAL BANK of COM-MERCE in New Orleans plans to open a new Canal Street Branch about June 1.

CENTRAL NATIONAL BANK OF CLEVELAND has purchased property on which it will construct its 17th office.

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CHARLES E. COATES has advanced to vice-president of Colonial Trust Company, New York. ARTHUR H. WILHARM, named senior vice-president and treasurer, has been with the bank for 50 years.

At the Bank of Poplar Bluff, Missouri, Gerald L. Saracini was elected president-cashier, succeeding as president Ed L. Abington, who retired. Hugo L. Boeving was named vice-president and chairman of the board.

A 10-page section of the local paper greeted the formal opening of the new building of THE UNION BANK, Pulaski, Tennessee.

UNION TRUST COMPANY, Springfield, Massachusetts, used four pages of pictures and captions in the Sunday rotogravure of a local paper to show how the bank had grown with Greater Springfield.

PURNAL E. TAYLOR has been named an assistant vice-president of The Marine Trust Company of Western New York. He's in charge of the Time Plan department of the bank's Niagara Falls offices.

JOHN C. WRIGHT, president of the LaSalle National Bank, Chicago, has also been elected chairman of the board, succeeding the late LAURANCE H. ARMOUR. LAURANCE H. ARMOUR, JR., was elected to the new post of vice-chairman.

HERBERT D. IVEY was elected chairman of the board of Citizens National Trust & Savings Bank of Los Angeles; L. O. IVEY was elected vice-chairman. Both will remain active in the management of the bank. SAMUEL K. RINDGE was elected chairman of the executive committee; Roy A. BRITT, who joined the bank in 1916 as a messenger, was elected president. K. B. WILSON is executive



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Alan W. Bowers

Mary G. Roebling

vice-president; Lauder W. Hodges is vice-president, cashier, and secretary. New vice-presidents are: E. E. Kenway, G. E. Weber, R. L. Hock, Jules Maling, R. P. Sherwood, Herbert A. Schmidt, and Mildred Robbets.

MARY G. ROEBLING, board chairman of the Trenton (New Jersey) Trust Company, has also been named president, filling the vacancy left by the retirement of the late THOMAS HILDT in November 1951. ALAN W. BOWERS was advanced to senior vice-president.

G. G. Ware, Chairman; J. C. Rogers, President

G. WARE, who has been with G. the First National Bank of Leesburg, Florida, since 1909 and its president for the past 37 years. has been named chairman of the board. He is succeeded as president by J. CARLISLE ROGERS. GEORGE H. RAST has been designated vice- president and cashier; W. J. PIKE, assistant vice-president: JOHN L. FAHS, vice-president in an inactive capacity for the past 13 years while serving as Collector of Internal Revenue for Florida, becomes vicechairman of the board. Five new directors were added.

Chairman Ware is a member of the Forestry Committee of the A.B.A. Agricultural Commission; Fresident Rogers serves on the A.B.A. Small Business Credit Commission.

Acquisition of the FIRST NATIONAL BANK OF BELLEVUE, Washington, by the PACIFIC NATIONAL BANK OF SEATTLE is announced—subject to the necessary approvals.

Farmers State Bank, Valparaiso, Indiana, has announced these advancements: R. B. COOLMAN, vice-president; REG HILDRETH, vice-pres-(CONTINUED ON PAGE 25)

PERSONAL

That's the kind of service you get as a correspondent of First National. First National offers a complete metropolitan correspondent service and is staffed with specialists in practically every phase of banking—yet it's small enough so that the vital personal touch is never lost. Call on us for help with any problem, large or small.



THE FIRST NATIONAL BANK

HARRY C. CARR, Chairman of the Board WILLIAM B. WALKER, President PHILADELPHIA 1, PA.

Member Federal Deposit Insurance Corporation

THE CASE FOR PRINTED NAMES

Probably the best case for printed names is the record of growing acceptance by the public over a period of years. In 1938, when we pioneered Personalized Checks and began to merchandise them in a planned manner, we sold one thousand orders. Last year—fourteen years later—we executed more than two million orders. In 1938 we had no competitors pushing these checks . . . last year we had more than fifty.

This substantial growth comes as no surprise to us because printed names on checks please the people who use them, save money for the banks who sell them, and cut labor costs in bookkeeping departments where they are processed. Whenever you encounter a product that does so much, and at such a low price, the chances are good that it will continue to win acceptance. Inasmuch as there are approximately forty million personal checking accounts in this country, we look forward with some considerable confidence to greater acceptance as time goes on.

To keep pace with this growth we have had to move fast at times in order to provide our plants with sufficient machine capacity and, while we never have been able to build up much of a cushion, we have not been overtaxed and an extra million orders this year

wouldn't scare us a bit. We doubt if we could sell that many, but if it is true that the net increase in population is one person every thirteen seconds, which translates into a couple hundred thousand new prospects each month, we can't laugh off such a possibility.

The pattern of the Personalized Check sales chart is similar to that of any other much-needed article that has been well built and effectively sold. At first it moved slowly thru the initial stages of acceptance and then at a swifter pace as its complexion changed from luxury to necessity. It took us several years to hir a hundred thousand orders but after that the sales curve began to move upward more swiftly, culminating last year in the greatest increase of all.

So the strongest case for printed names is the factual presentation of the record. It has become big business . . . important business . . . interesting business . . . important business . . . interesting business . . And yet, with such a small part of the market blanketed, to say nothing of the two hundred thousand new prospects every month, we would be pessimistic indeed if we failed to plan for continued growth. What percentage of your personal accounts now use checks bearing printed names? What can we do to help you improve this percentage?



Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, CHICAGO, RANSAS CITY, ST. PAUL



When a man builds a home the basic function of a bank is to lend him money. But there are times when the bank's knowledge, born of long experience, can be valuable to a customer. A service of this kind tends to solidify the bank-customer relation. Another service banks have found effective is to supply checks lithographed on high quality La Monte Safety Papers. Many bankers who have adopted them have been gratified by the spontaneous appreciation of their customers. Why not look at samples of these fine papers. Your lithographer has them or you may write us direct.

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such individualized check paper provides maximum protection against both alteration and counterfeiting-makes identification positive.



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Walter Bimson

MAIN STREET (Continued)

ident and cashier; ORVILLE BUCHER, trust officer and assistant cashier.

BRYANT GLENNY, who was chairman of the executive committee of the Buffalo (N. Y.) Savings Bank, has been elected president of the bank, succeeding Horace Reed. Mr. Reed will continue active in his business interests and will continue as a member of the bank's board.

At Valley National

WALTER R. BIMSON, for 20 years president of Valley National Bank, Phoenix, Arizona, has been named chairman of the board and chief executive officer, W. R. WAYLAND, formerly chairman, has been named honorary chairman. CARL A. BIMSON was advanced to president, and is succeeded as executive vice-president by H. L. DUNHAM.

WALTER BIMSON left Harris Trust & Savings Bank in January 1933 to join Valley National. In the 20 years he served as president, deposits grew from \$7-million to over \$300-million. The bank gained 27,000 depositors in 1952, bringing its total number of accounts to 209,856.

In a recent, report on the spectacular growth of the state, Newsweek notes that Mr. Bimson is frequently called "Mr. Arizona" for the large part he has played in bringing industries to Arizona.

CLYDE WILLIAMS, JR., is now executive vice-president of the Santa Monica (California) Commercial and Savings Bank. He's a member of the board of the Independent Bankers Association of Southern California,

ALLEN I. HALSETH has advanced to cashier of the Beverly Hills (California) National Bank and Trust Company.

ALBERT M. INGRAM is now vice-



Ask

The Bank of Nova Scotia

about Canada...

Since 1832 "Ask The Bank of Nova Scotia" has been open sesame to authoritative information and expert guidance on matters of finance and banking.

For all those with business interests in Canada, The Bank of Nova Scotia offers complete banking facilities and information. Just ask The Bank of Nova Scotia!

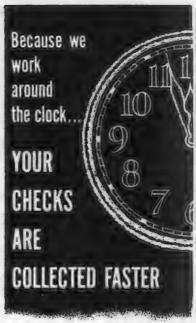


NEW YORK OFFICE

GENERAL OFFICES
44 King St. W., Toronto

LONDON OFFICE 108 Old Broad St.

NG



THE NATIONAL CITY BANK of Cleveland



623 Euclid Ave.

Member Federal Deposit Insurance Corporation



president and cashier of Greenville Avenue State Bank, Dallas, Texas.

Three new vice-presidents of Second National Bank, Houston, Texas, are: J. S. NEWMAN, G. LLOYD WEBB, and B. F. HILL.

New officers at Rock Rapids (Iowa) State Bank are: president, RAY A. NOLD; vice-president, A. T. KLAHN; cashier, LESLIE A. JACOB-SEN.

FRED JENKINS has been named advertising manager of the Farmers and Merchants National Bank of Los Angeles. He has been with the bank for over 22 years and will direct the bank's recently enlarged ad department.

THOMAS C. LYNCH, vice-president and trust officer, and LEON F. MARILLEY, vice-president and cashier, have retired from the Carthage (New York) National Exchange Bank. WILLIAM M. FOX has been named vice-president; EDWARD W. DUFFY, cashier.

Among promotions at Underwriters Trust Company, New York, are these: J. B. V. TAMNEY, executive vice-president; A. A. LUBATTY, vice-president; KENNETH W. LANDFARE, comptroller.

Lending officers HERBERT K. BASKIN and A. HERBERT SANDLER have been named vice-presidents of Public National Bank and Trust Company, New York.

THOMAS S. ABEL is senior vicepresident, and R. K. MAYOR is cashier at Bishop National Bank, Honolulu, Hawaii.

CHRIS P. Fox was promoted to vice-president and public relations officer of the State National Bank of El Paso, Texas. Mr. Fox, who joined the bank in 1950, is a former sheriff of El Paso County and former executive vice-president of the local chamber of commerce.

The Puget Sound National Bank of Tacoma, Washington, has elected three new directors: W. P. GULLANDER, financial vice-president of Weyerhaeuser Timber Company; EDGAR N. EISENHOWER, Tacoma tax and corporation lawyer and, as the bank says, "one of the well-known



This 6-foot wide cake in the bank's lobby is in celebration of the 50th birthday of City National Bank and Trust Company, Oklahoma City. The display is 9 feet high

brothers"; and CHARLES D. HUNTER, JR., member of the law firm of Eisenhower, Hunter, Ramsdell, and Duncan.

At Farmers and Merchants National Bank of Los Angeles, OSCAR T. (Pat) LAWLER has been elected to the new position of executive vice-president. S. CAMPHOUSE, who has spent 45 years with the bank, was named senior vice-president; W. J. CASSIN, with the bank 41 years, vice-president and cashier.

Double Honors

ALBERT J. BONNIE, JR., of the mortgage accounting department of The Lincoln Savings Bank of Brooklyn, New York, has received two distinguished service awards. One comes from the United States Junior Chamber of Commerce and is one of five given in the state.

The second comes from the Brooklyn Junior Chamber of Commerce for being the "most outstanding young man in Brooklyn who has contributed most to combat juvenile delinquency." The Brooklyn Eagle has dubbed him a "modern Branch Rickey" for his success in organizing and coaching baseball and basketball teams of teenagers.

(CONTINUED ON PAGE 28)

1803 150 YEARS OF BANKING SERVICE 1953

> Oldesi and Largesi Bank in

Philadelphia

THE PHILADELPHIA NATIONAL BANK

ASSESSED STREET, DEBOSTY INSURANCE CORROLATION

The Number One Bank in Philadelphia in more ways than one!

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MAIN STREET (Continued)

JOHN R. JOHNSON and R. A. GIL-MER have been named active vicepresidents of the Del Rio (Texas) National Bank; JOE N. ZORN was promoted to cashier; SUE PALMER, assistant cashier.

Five bankers are among the 33 newly elected directors of the National Foreign Trade Council: CHARLES CAIN, JR., Chase National Bank, New York; FRED I. KENT, Bankers Trust Company, New York; A. D. SIMPSON. National Bank of Commerce, Houston, Texas; Russell G. SMITH, Bank of America N.T. & S.A., San Francisco; WILLIAM R. STRELOW, Guaranty Trust Company, New York.

Brooklyn Banks Honored for Blood Donor Service

Eight savings banks in Brooklyn have received awards from the American Red Cross for their individual blood donor programs which resulted in collection of 3,162 pints of blood. The banks prepared promotion pieces, recruited blood donors among their own customers and local community organizations and arranged to have the Red Cross mobile units on their premises on a specific Saturday to handle blood contributions.

Banks receiving awards: BREVOORT SAVINGS BANK; CITY SAVINGS BANK; EAST NEW YORK SAVINGS BANK; FLATBUSH SAVINGS BANK: GREATER NEW YORK SAVINGS BANK; GREEN



Maurice Litou



Fred Yeates



J. H. Witherspoon



General Hobbs

POINT SAVINGS BANK; PRUDENTIAL SAVINGS BANK.

A special award went to LINCOLN SAVINGS BANK for having instituted the program in Brooklyn.

Two new vice-presidents of Bank of America are: FRED YEATES, director of the bank's publicity, and MAURICE G. LITOU, assistant manager of the international banking department, both at the San Francisco head office. Mr. YEATES joined the bank in 1937 after newspaper, motion picture, and radio experience. Mr. LITOU, who has been with the bank for over 30 years, was born and educated in Paris and spent five years in the French Army in World War I.

R. O. BYERRUM, president of University National Bank, Chicago, has been named president of the South Side Bankers Association of Chicago. Mr. Byerrum has been active in the American Bankers Association and was once a member of its Executive Council.

MORRIS R. BROWNELL, JR., vicepresident of The Philadelphia Na-

tional Bank and head of its midwest division, will now direct all of the bank's out-of-town divisions.

JAMES H. WITHERSPOON was promoted to cashier of Security National Bank, Greensboro, North Carolina.

MAJOR GENERAL LELAND S. HOBBS. Deputy Commander of the First Army, retired from active service on January 31 and has been named vice-president of Colonial Trust Company, New York.

Bust Is No "Bust"

TERRA COTTA bust now reposes A in the safe deposit vault of the NATIONAL NEWARK & ESSEX BANK-ING COMPANY, Newark, New Jersey. It was a wedding present to Dr. and Mrs. Joseph Pollack of Newark.

Dr. Pollack took the bust to the television program "Trash or Treasure" thinking it might have a value beyond the \$50 which it cost. Sigmund Rothschild, professional appraiser, declared that the bust had been done by Houdon, famous French sculptor, and put upon it a "conservative valuation" of \$12,000.

This made the present too valuable to be kept around the house, so Dr. Pollack hurried down to the bank with it. It is being kept in a large safe deposit box.

BESS B. STINSON, director of special services of the First National Bank of Arizona, Phoenix, was one of the 15 business or professional women in the United States who were guests of the Secretary of the Navy on a recent orientation cruise to Pearl Harbor on the U.S.S. Haven, a hospital ship. The cruise was part of the Navy's program to have representative citizens obtain through firsthand observation a broader knowledge of the Navy's part in national defense and to emphasize the importance of civilian support for the Navy in accomplishing this role.

(CONTINUED ON PAGE 154)

This is the cafeteria and lounge of The First National Bank of Tampa, Florida. It is open for breakfast and lunch, and snacks are available throughout the day. The bank says "the plan has met with the enthusiastic approval and support of our employees"



Continental microfilm service pays off

We feel that this service pays off in many ways, but a recent event demonstrated its real value in an emergency. A package containing more than 3,000 checks was stolen during a robbery of the drawee bank's local U. S. Post Office. About one-third of these checks had been handled through our bank.

When the robbery was reported, we immediately made facsimiles of the stolen checks from our film records and, by mutual agreement, these reproductions were presented at the drawee bank and paid. Without in any way disturbing our correspondents we were able to collect these items just as though the original checks had been presented.

This Continental Illinois service not only avoided delay in securing payment, but it saved our correspondent banks many hours of work and saved their customers the annoying inconvenience of going back to the makers for new checks.

It is just one of the many services we perform for correspondent banks and commercial depositors.

Continental Illinois National Bank and Trust Company of Chicago

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

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When you buy Governments from Bankers Trust-you deal direct

As a primary dealer in U. S. Government bonds, notes, certificates, and discount bills, we maintain an inventory of these securities in our Trading Department.

This means that your orders placed with us are executed without delay—no red tape or outside telephone calls, Immediate confirmation of orders can mean an important saving for your bank.

Moreover, this service is rendered to our customers at the lowest possible cost—all prices are net. We are glad to work with you on your bond account, advise you on the arrangement of maturities, and suggest switches from one issue to another as market movements provide favorable opportunities.

In addition, our Bond Department is a leading dealer in State and Municipal issues. We are prepared to answer your questions regarding this segment of your portfolio.

For full information on how this service can benefit your bank, write Bond Department, Bankers Trust Company, 16 Wall Street, New York 15, N. Y. Telephone REctor 2-8900 when we can be of assistance. Our teletype numbers are NY 1-3333 for Governments and NY 1-850 for State and Municipals.

BOND DEPARTMENT

BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



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BANKING

MARCH 1953

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

The OUTLOOK

and CONDITION OF BUSINESS

Why Sentiment Differs From Statistics

THE condition of business is statistically excellent but the condition of business sentiment has elements of doubt because of the magnitude of the decisions ahead and the fact that the public must be sold on them.

Business sentiment is a handy old expression which can mean almost anything because there is no way to measure it accurately. Probably that is why it is so handy. But now this unknown quantity has become all important because the condition of business is going to depend more on sentiment than statistics in the months to come. A well informed public is more necessary than ever before.

The reason is that our statistical prosperity has coincided with the rise in our public and private debt to its present total of almost \$520-billion net. Conceivably by increasing the volume of debt and monetary hocus pocus we could blow this kind of prosperity right through the roof, but the new Government is pledged to maintain the business level by reversing the process.

In order to do this difficult job the Government must have the support of an informed public opinion and a backlog of public confidence. Those are just as important as the actual details of the Government's various policies. Consequently the business outlook has become to a large extent a question of human relations, here and abroad, for it will take a lot of good American salesmanship to make the new economic policies succeed.

The momentum of prosperity and the spending commitments of Government and industry are important factors in assuring a high level of activity but this picture could change quickly if the public decided for some reason that it did not like the picture.

Certainly that great poll of public opinion regarding the future, the stock market, where opinions are backed with money, has become highly selective and in many directions reflects considerable doubt.

That is why, in any group of businessmen, one finds an interesting conflict of opinion.

These opinions are similar in many ways and different in others, naturally.

The similarities result from the fact that everyone is exposed, day after day, to much the same general kind of statistical information on the actual condition of business, so the consensus is optimistic.

The differences arise from different feelings or sentiments people have about the decisions ahead and the way the new Government is going to handle them. Here again, the consensus would probably be optimistic but mixed with some doubts and caution.

The statistical method of determining the condition of business is to choose favorite indicators, like Government spending, consumer spending, business spending, national income, inventories, gross national product, savings, money rates or something else, and jump to conclusions based on these.

The sentimental method is to jump to a favorite conclusion first and then work back to the right statistics

There are endless ways of being both statistical and sentimental and jumping to fairly right conclusions. A man in Miami claimed he could judge the business future accurately by the statistical rise or fall in garbage collections because this reflected the sentimental attitude of housewives toward the future.

If we put all views of the outlook together and average them some way they would produce a picture with a half dozen main lines like this:

- (1) We are on the crest of the greatest boom in history.
- (2) We are also on the crest of making some of the most critical decisions in our history.

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(3) We have a new Government in which business has assumed a major responsibility after 20 years in a less prominent role.

(4) This change had one significance that should not be overlooked. It meant that the public relations of business won, this round at least, and the public relations of the two Deals lost. Many factors contributed to the change but this was one of them and should be remembered.

(5) American business is famous for its technical and managerial skill but not for its political sense, although we might reserve judgment on that point.

(6) Business cannot fail in this new responsibility because that would be a failure of free enterprise and if free enterprise fails in this country, it fails everywhere.

So business must bring to the task not only its technical and managerial abilities but also its highly developed sense of service, salesmanship and human relations—the very things, in fact, which paved the way for its return to public favor and leadership after 20 years in or near the doghouse.

Two Views of the Present

So with these two things in mind, the *certain* condition of business statistics and the *uncertain* condition of business sentiment, take a quick look at the statistical picture, more or less familiar to everyone.

Most of the evidence points to a continued high level of activity. This fact, coupled with wide confidence in the ability of the new Government to make wise decisions, creates a generally favorable prospect.

Here we are at the top of the greatest and longest boom in the history of American business. But as we look down from this unusual elevation there seems to be something wrong with the scenery.

There are really two scenes, or two views, depending on who is looking.

One of these onlookers is confident and the other is cautious. One is undismayed by the rising level of Federal, state, municipal and private debt. The other is worried. One viewer cannot see how the boom can stop and the other cannot see how it can go on without bigger doses of the inflationary stuff which brought us to where we are.

The Genie



the threat of war implicit in President Roosevelt's "quarantine" speech at that time provided the necessary inflationary fillip, and that later, war itself, followed by changing phases of the cold war, foreign aid, welfare spending and just spending, have kept the pump primed to overflowing.

The other points to favorable items like:

One points to the fact that there has been no slump

of real seriousness since 1938, fifteen years ago; that

Statistical Evidence

(1) Our gross national product, that is the money value of our total annual output of marketable goods and services, is running at the rate of about \$345-billion and rising.

(2) Our backlog of liquid savings, including cash, bank deposits, savings accounts and U. S. Savings Bonds represents a purchasing power reserve of over \$210-billion and is rising. Income payments to individuals are now running at the rate of \$270-billion annually and are rising.

(3) Employment stands at a record 63,000,000 and wages are at an all time high.

(4) Expenditures for plant and equipment have been about \$150-billion since World War II and are still at peak levels.

(5) Construction of all kinds is at top levels.

(6) The Stock Market has lived through all this without developing any serious attack of speculation.

The Other Side

Now turn the picture over and look at the other side, the doubtful side, the area where decisions are still to be made, history still to be written, deflation still to be tried.

Here are six items to place opposite those just mentioned. They show why business sentiment today is somewhat less optimistic than the actual condition of business seems to warrant.

(1) Gross national product may be at record levels but the boom gets its chief support from Government spending and we have a new administration pledged to peace and economy and one that is obviously embarked on a course to reverse inflation. Also if history teaches anything it is that it is difficult to keep a boom going forever.

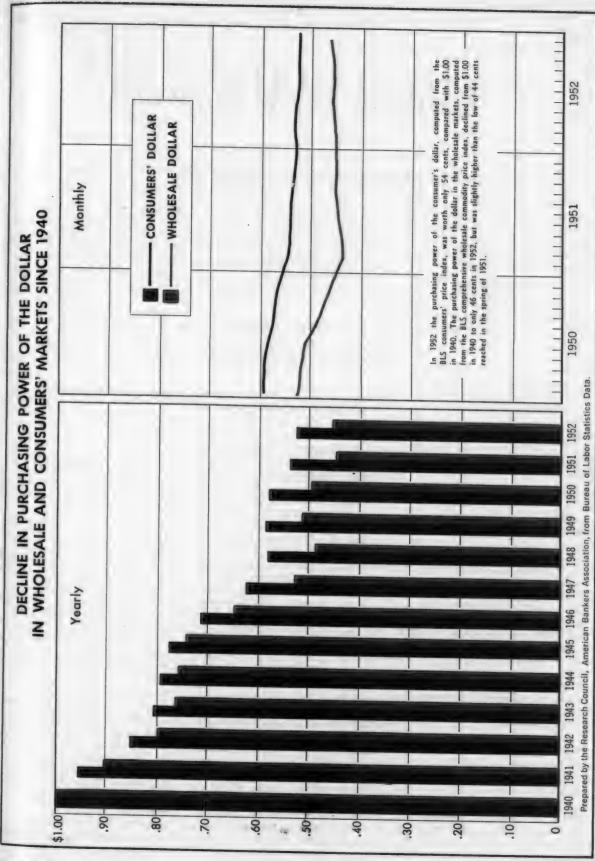
(2) Purchasing power may be at an all time high but purchasing in many directions is not. One characteristic of this boom lately is that it has been accompanied by declining commodity prices. The cattle industry alone last year had an inventory loss of \$9-billion and cotton \$600-million. The seller's market is giving way to a buyer's market in both automobiles and houses.

(3) Employment and wages at record highs also mean that business is faced with record labor costs which are one item that is rigid and very hard to adjust to changing conditions.

(4) Plant and equipment are practically new as a result of record expenditures and there are signs that this type of spending is pointed down.

(5) Construction of new houses has been exceeding the marriage rate for several years.

(6) The lack of speculation in the stock market has another side in that there is also a lack of public in(CONTINUED ON PAGE 168)



March 1953

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Bankers Look Forward

Here are further excerpts from bankers' comments on business and public affairs in the 1952 bank reports. Others were published in BANKING'S February issue.

CONFIDENCE

Winthrop W. Aldrich, as chairman, and Percy J. Ebbott, president, The Chase National Bank of New York.

The dominant characteristic in the temper of American business is a feeling of confidence in the dynamic capacity of our economy.

We believe that with courageous and able leadership this nation can and will meet successfully the grave challenges which confront us in this era.

OUTLOOK: GOOD

Sidney B. Congdon, president, The National City Bank of Cleveland.

We believe the outlook for banking is good in the year to come. The importance of the role of the commercial banking system in financing the short- and medium-term requirements of business has been reestablished and the money market is being left more and more to the play of natural forces.

Furthermore, and certainly most important to all of us, our country is assured of a sound and capable government. We face the future with confidence.

TOWARD A STRONGER DOLLAR

E. P. Taliaferro, chairman, The First National Bank of Tampa, Florida.

We now have in the Treasury Department a staff of leaders who are thoroughly trained in money matters and highly competent to care

for the tremendous problem of managing our unstable and unwieldly public debt.

Already we see signs of things to come which we all hope will strengthen the value of our dollar, which has had such a sad time in late years.

DON'T EXPECT MIRACLES

Henry C. Alexander, president, J. P. Morgan & Company, Inc., New York.

The tentative gains during 1952 in the direction of a greater degree of balance in the national economy must be preserved and consolidated. But the problems of controlling inflation, yet avoiding deflation, are complex. No miracles should be expected.

Perhaps the most that can be hoped for it that the task will henceforth be approached with greater realism than for many years past. The general public must fully understand the futility of ceaseless rounds of wage and price increases, and the common interest in an expanding yet stable economy. For leadership in this, the country looks hopefully to the new Administration in Washington.

PERSPECTIVE

William N. Enstrom, chairman, Irving Trust Company, New York.

Some observers have been warning about possible economic difficulties here at home when the defense program begins to decline and business outlays for the expansion of industrial capacity taper off. It is well to give careful thought to such problems, but they should always be viewed in proper perspective.

Our economic structure is resilient and adapts itself quickly to

changing conditions. Indeed, the great strength of this country lies in its free institutions, its free markets and its competitive business structure. As new problems present a challenge, it is our way to react quickly to that challenge. For example, industry has been responding to the problem of high costs by better production methods. Our scientists and industrial technicians continue to offer new ideas which stagger the imagination. With such opportunities, business is sure to expend enormous amounts on industrial facilities for a long time to come. The standard of living will continue to rise as our ingenuity in production pays off.

"A CLEAR MANDATE"

Carl F. Wente, president, Bank of America, San Francisco.

THE election of an outstanding soldier as President of the United States implies that a majority of the voting public realizes it will take a determined and forceful leader to bring an end to government by expediency and to the waste, extravagance, and confiscatory taxation that it engenders. It was an indication that the voters wanted more business in government and less government in business.

To avoid further deterioration of the present inflationary situation, long range objectives should be kept in view when determining monetary and fiscal policies of the Government; and the inherently evil emergency measures that sprang up like opiate weeds during World War II must be eradicated before they strangle the economy.

There are those who argue that a retreat from inflation and artificial

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PR Opportunities and Tools

- What is the American Bankers Association doing to improve relations between banks and their publics?
- The answer . . . organized RESEARCH, COMMUNICATION, and EDUCATION . . . a program of aids and assistance to member banks.
- The aim . . . THAT THE BANKS MAY

KNOW . . . THAT THE PUBLIC MAY KNOW.

- It is a job of many departments, committees, commissions, sections, and divisions
 . . . a team operation all the way.
- The cumulative total of tools, techniques, and activities is quite sizable . . . and the results are noteworthy.

The weakness of many an industry is that people don't understand it. And what people don't understand, they distrust or dislike. Lack of information, misinformation, and resulting misunderstanding create negative attitudes. The antidote is complete and accurate information.

Because banking is a complex, ever-changing business, understanding isn't always easy. A concerted program of education is needed. Only the bankers themselves can provide such a program effectively—in their local communities.

To grow and expand its capacity to serve people, American banking must take the offensive. The offensive consists of seeking and obtaining the understanding of people—giving them sound and up-to-date facts about money and banking. The American Bankers Association, representing the banking business of the United States, can serve as a spearhead for this offensive.

Banks and Publics

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Bank public relations begin and end with what banking's many separate, distinct and overlapping publics think. Fundamentally, there are two underlying factors that determine relations of the banking business with the various publics making up the American citizenry:

- (1) What banks and bankers do for people—and the way they do it.
- (2) What people are told about banks and bankers—and the way the facts are told.

Actually, "public" is a plural concept, and each of

the various publics, with its own special interests and different attitudes, requires special consideration and study.

Defining the Goal

The A.B.A. is vitally interested in the success of bank relations with people. Its general goal in this field is improved and enlarged understanding of banks and banking with resulting public confidence and respect, approval, and support. Understanding is the tie that brings banks and publics together.

Specifically, the Association's manifold end purpose is (a) more satisfied bank customers, (b) better bank services, (c) greater utilization of bank services, (d) increased volume of bank business, (e) increased bank earnings, (f) greater appreciation of the useful and essential role played by banks in the American economic and financial system, (g) more friendly attitude toward banks and bankers, and (h) public conviction that an independent system of chartered banks, with freedom of progressive action, is far superior to a system of Government-controlled or -owned banks.

Spelling Out the Task

Information and facts are the raw materials with which the A.B.A. works. Its public relations task is fundamentally one of organized research, communication, and education. It is a radar and listening post function of (a) gathering, appraising, and interpreting facts about public attitudes, reactions, and behavior; (b) a barometer function of conveying these facts to the member banks—bringing the people to the banks;

and (c) a middleman function of conveying facts and correct impressions about banks to the various publics—bringing the banks to the people.

Four Dimensions

The A.B.A.'s public relations task is one of service to member banks in four basic dimensions:

(1) Being and Doing—bank attitudes and actions. The effectiveness of banks' public relations is determined by what those banks are and do, and by how they live. Daily good performance on the job, based on sincere and honest policies, is the bedrock of good bank public relations.

(2) Telling—the what of the job being done. This is the area of keeping the public informed and making it aware of what banks are doing. The public's judgment is no better than its information. It likes best those banks about which it knows the most good things.

(3) Selling—interpreting and explaining the bank job being done. The process—the why and the how—is what intrigues people most. The public must understand and be persuaded before it can express approval and support of banks.

(4) Integration—coordination in making everyone in the banking industry conscious of and responsible for good public relations. Public understanding of the banking industry is obtained through the cumulative efforts of all the people in all the banks. The load must be spread. Bank public relations is everyone's job.

Success in relations of the banking business with the public is simply the product of successful action in these four areas: Doing the job right, telling the public about it in the right way, explaining and interpreting the reasons for the good job being done, and diffusing responsibility for doing the job right among everyone in the industry. The more people reached and places spotted, the greater will be the public relations return to the banking industry.

Channels of Communication

Two main channels of communication and influence or impression are used by the Association in carrying out its public relations function—A.B.A. to Banks and A.B.A. to Publics. Both channels are two-way lines of communication employing the written word and the spoken word. Media used are numerous. For example:

Books Market surveys Booklets Meetings Bulletins News releases Circular letters Opinion polls Clinics and conferences Printed materials Projects and programs Correspondence Exhibits and displays Publications Face-to-face contacts Schools and courses Films Reports and records Folders Speeches Kits Statistics Manuals Telephone contacts

A.B.A. to Banks

A.B.A. public relations policy is based on a firm belief that the foundation of the American banking system is the intimate relationship of thousands of different banks with millions of different people in thousands of different communities throughout the United States; that this intimate relationship is rightly and



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Using Bank Credit is an A.B.A. film describing the business adventure of Al, shown here with his banker

properly a local bank responsibility, and, therefore, that the basic public relations job can be done most logically and effectively by the individual bank.

A.B.A. to Publics

Certain avenues of approach to banking's various publics are not clearly defined or readily accessible to the individual bank or banker. Consequently, the A.B.A. also acts as national public relations representative or direct spokesman for the banking industry whenever unified action becomes necessary or desirable. This channel of communication implies an organized means of reflecting and interpreting bank management policies, programs, and actions.

Specific examples of the A.B.A. to Publics transmission line in operation are numerous. They include (a) direct relations with important opinion-forming groups, such as educators and educational institutions, schools, news and trade press, the clergy, government agencies and officials, business leaders and organizations, labor spokesmen, legislators, magazine editors and publishers; (b) direct relations with organized groups such as Institute of Life Insurance, General Federation of Women's Clubs, Association of Stock Exchange Firms, and a whole host of other trade associations; (c) direct relations with individual reporters, editorial writers, columnists, cartoonists, and commentators with respect to banking information and publicity; (d) advance-of-publication relations with publishers in reviewing manuscripts for high school and college texts on banking and economics; and (e) follow-up relations with representatives of national media such as radio, TV, motion pictures, and magazines in regard to unfair portrayals of banks and bankers.

Cooperation

The A.B.A. philosophy of cooperation in public relations work can be summarized in the words of Tallyrand, French diplomat of the early 19th century: "There is somebody wiser than anybody—and that is everybody."

The lubricant of the entire A.B.A. public relations cperation is active cooperation—internal cooperation among the autonomous but closely related and interdependent units comprising the headquarters team, and external cooperation with banking individuals, groups, and associations. For example, close working relations

are constantly maintained with other banking groups, such as the Association of Reserve City Bankers, the Financial Public Relations Association, national, state, and county bankers associations.

This two-pronged cooperation is fostered and facilitated by the A.B.A. Public Relations Council.

PR Council Program

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The Public Relations Council was created in 1937 as a body which, according to the A.B.A. constitution, "shall have charge of all activities pertaining to public relations." The Council is composed of 11 member bank officers appointed by the president of the A.B.A., one member serving as chairman, plus an unspecified number of staff members. At present there are 10 staff members.

The bank members serve for one year and are eligible for reappointment. They represent various segments of A.B.A. membership as well as related or interested outside banking groups, such as the FPRA. The staff members are the managers of A.B.A. departments largely concerned with public relations services or activities, viz.: Advertising, Agriculture, American Institure of Banking, Banking, Credit, Customer and Personnel Relations, The Graduate School of Banking, Membership, News Bureau, Savings and Mortgage Division, and State Association Section.

The A.B.A. constitution also provides for a Public Education Committee of three, to be selected from the membership of the Council by the Council chairman, one member of which shall be the chairman of the Public Relations Committee of the A.I.B. This is the only standing committee of the Council. Other committees are appointed as circumstances dictate.

Frank M. Totton, vice-president of the Chase National Bank, and Harold J. Marshall, executive vice-president of the Manufacturers National Bank of Troy, are 1952-1953 chairmen of the Council and Committee on Public Education, respectively.

The Council staff members hold meetings from time to time to discuss A.B.A. public relations matters. In addition, the entire Council holds regular sessions at the A.B.A.'s annual spring meeting and the convention. Progress reports are made, problems are discussed, and projects are initiated at these sessions which are intended to maintain harmony in all phases of A.B.A. public relations work.

Philosophy

The Council was not originally conceived as a producing or policy-forming organization but rather as a coordinating body (a) to implement public relations teamwork—unity of thought and action—among component A.B.A. departments with public relations functions; (b) to carry out A.B.A. executive and administrative policies; and (c) to make public relations policy recommendations.

When he established the Council in 1937, Dr. Harold Stonier, executive vice-president of the A.B.A., wrote:

Before any effective public relations policy for banking as a whole can be carried out, there must be a comprehensive understanding of the art of public relations on the part of bankers.

This philosophy of education continues to underlie Council activities.

Development

There has been a steady growth in Public Relations Council activities since its formation 16 years ago. The art of bank public relations has come a long way since then, and the Council has kept pace with this progressive trend.

Actually, the Council has experienced several stages of development. In the early years following its formation, it was primarily a coordinating or synchronizing agency with no projects of its own and no official recommendations to the membership. During this period it engaged in research, promoted the need for public relations activities, and worked closely with other A.B.A. departments to inaugurate such activities.

It wasn't until 1940 that the Council originated the first project under its own name—a staff training course entitled "Building Business for Your Bank." This project proved extremely popular. Over 20,000 sets of the course were used.

During World War II the Council continued to serve as a public relations planning, coordinating, and liaison group, working mainly on official Government projects, such as the sale of War Bonds and ration banking.

It is only since the end of the war that the Council has become a full-scale originating as well as coordinating body in the area of direct public relations service to member banks and bank groups.

No End to the Task

Council work down through the years has been a continuous educational process featuring persistence and repetition. Its work plan has covered immediate problems and long-range projects. Its program has been kept sensitive to new needs and flexible enough to meet changing situations and problems of the day.

The task of the Public Relations Council can never be laid aside as finished—no matter what success may attend its activities. It is a task with no end.

The A.B.A. film, Pay to the Order of . . . , tells about a boy learning the usefulness of bank checks



Tools and Techniques

With the cooperation of other A.B.A. departments, the Public Relations Council has developed a series of tools, techniques, and services for member bank use. These include films, film bulletins, human relations course, manuals for management, PR booklets, PR information service, PR news letters, school teaching aids, speech service, and workshops.

Films

In the words of Goethe: "The destiny of any nation, at any given time, depends on the opinions of its young men under five-and-twenty."

Today's students are tomorrow's adults—the leaders, citizens, homemakers, and bank customers of the future. The A.B.A. has recognized the importance of reaching these young people in the classrooms of the United States with an organized educational program of audio-visual aids covering all how-to phases of banking. This program has been in operation since 1949. It is now aimed specifically at secondary or high school students. Subsequently it will be directed at primary school and college as well as adult and internal staff levels. At present it is confined to motion pictures, with continuing study being given to slidefilms and other audio-visual media for possible future use.

The A.B.A. film program is based on research, study, and expert guidance. For example.

(1) Mail survey of 1,000 high school systems all over the country conducted by Dr. Harold F. Clark, Professor of Education at Teachers College, Columbia University. Purpose of the survey was to determine banking subjects desired for use in film form.

(2) A.B.A. survey of member banks to determine bank interest in films for high school use. More than 60 percent of the respondents replied favorably.

(3) Study conducted by the high school principals' department of the National Education Association, Washington, D. C. Purpose of the study was to guide business sponsors in the preparation of educational material for school use.

(4) Advice and counsel of bank experts in and out of the Public Relations Council, as well as educational and motion picture representatives, plus retention of Film Counselors, Inc., in a consulting capacity with respect to the technical aspects of script writing, production, and distribution.

A scene from *Money Talks*, which stresses the importance of thrift in the lives of young people



Designed to present banking information accurately, honestly, and objectively, with no semblance of advertising or propaganda, the program thus far has resulted in a series of 16mm, one-reel, black-and-white sound films with an average running time of about 11 minutes each. Five films are currently in distribution. They were all produced for high school curriculum integration and conformance to school requirements. Each film covers a particular rather than general phase of banking. Each film has a specific rather than multiple objective. And each film is accompanied by a teacher's manual suggesting how the film may be presented to the class and discussed following projection.

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Subjects include: Pay to the Order of—Tells why checks are used; shows how to write and endorse checks; explains clearing of checks.

How Banks Serve—Explains the three basic functions of commercial banks, viz., safeguarding money, transferring funds, making loans.

Money Talks—Deals with personal money management and planned saving.

A Future to Bank On—Talks about unusual career opportunities offered by banking.

Using Bank Credit—Presents the basic facts of credit and explains fundamental bank lending functions.

A distribution plan has been devised under which individual banks or groups of banks may purchase prints of selected films for outright donation or loan to local schools. Some banks prefer to retain prints for controlled distribution on a direct loan basis. Three methods of film sponsorship are recommended by the Public Relations Council: (a) by banks individually, (b) by banks cooperatively, and (c) by banks through local organizations, such as clearing house associations, state associations, and A.I.B. chapters.

Provision is made for addition of printed leaders at the beginning of each film to identify local sponsors. Standard copy for leaders is provided, but sponsors may designate suitable substitute copy, including cuts and art work.

Film Bulletins

The use of films by banks for staff training, school education, and public relations is increasing. To meet this growing need, the Public Relations Council has produced two informational bulletins on motion picture materials and services:

Banking Film Information—Enumerates and briefly describes available films and slidefilms on banking subjects. It also lists film and film catalog sources which can be used by member banks to obtain a variety of films on different banking subjects for showing to staff, student, and adult groups.

Film Projection Equipment for Banks—A folder containing suggestions and information about film and slidefilm projectors, screens, and other equipment.

Human Relations Course

Better human or personal relations are a condition requisite to improved bank relations with both internal and external publics. The Public Relations Council has developed a 6-session conference course in human relations under direction of the A.B.A.'s Personnel and Customer Relations Department. Materials for the

course were prepared by Dr. Donald A. Laird and Eleanor C. Laird, distinguished authorities in the field of business psychology and human relations.

Purpose of the course is to improve personal relations in banking through flexible, discussion-type conferences aimed at bringing out the need for (a) teamwork within and (b) making friends without. Materials for the course include (a) six student booklets on different phases of human relations, (b) a leader's manual explaining how to plan and run the series of staff conferences, and (c) three skits or playlets which can be acted out by staff members to focus important points covered in the course.

Subject titles of the booklets, intended for distribution to all participants in the course, are: Building Confidence, The Cash Value of Personality, Winning Cooperation, Personality in Writing and Talking, Personal Efficiency and Promotion, Personality in Meeting the Public.

Manuals for Management

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The Public Relations Council has produced a continuing series of easy-to-read and easy-to-use manuals intended to cover fundamental principles and methods in the sector of bank public relations. Purpose of this Council tool is to build an available pool of factual material that will provide member banks with an authoritative source of reference and guidance. Current subject titles are: Planned Public Relations, There's News in Your Bank, Your Bank's Advertising, Personnel Relations, Your Bank's Relations with Schools, Customer Relations, Building for the Future with Farm Youth, Your Bank's Community Relations, Finance Forums for Women.

More than 103,000 copies of these nine manuals have been distributed to date. Over 7,000 member bank officers have subscribed to the service. Additions to the existing series are in various stages of planning.

PR Booklets

The Public Relations Council has produced a series of four You Are the Bank folders and a 16-page book-let entitled Public Relations Is Up to You for member bank staff distribution. Purpose of these booklets is to point out that positive or negative public relations result from what each staff member says and does in his daily contacts with the public—correspondence, personal, telephone, and other contacts. More than 150,000 of these booklets have been distributed.

PR Information Service

The Public Relations Council stands ready to supply member banks with ideas, materials, suggestions and reference sources covering all facets of public relations. Thousands of member bank inquiries and situations are cleared through the Council every year. Frequently this public relations information service results in the development of programs and procedures on an individual or group bank level. Specific examples of this service in operation can be found in two programs used by banks in recent years to convey facts to different publics about money and banking, viz.:

Women's Finance Forums—The Council has assembled a complete kit of suggestions and materials for organizing, publicizing, and conducting women's finance forums. Intended as a helpful guide and pos-

sible stimulus, the kit includes items used by sponsoring banks, samples of take-home literature, suggested forms of news releases, illustrative talks, an outline of suggested points of discussion, and a 24-page summary of trends in bank-sponsored finance forums for women. About 500 of these kits have been distributed. The Council has also acted as a consultant to the General Federation of Women's Clubs in the latter's program of economic and financial forums.

Know Your Bank Week Programs—The Council assists member banks and state associations with their "Know Your Bank Week" programs by furnishing advice, information, and materials.

PR News Letters

The Public Relations Council distributes a Public Relations News Letter to member banks on a "now and then" basis. Purpose of this service is to keep member banks informed on major developments in public relations. Four issues have been published since 1949. They were favorably received. For example, requests for information and materials came from about 1,500 banks following the first issue in the fall of 1949.

School Teaching Aids

Public understanding of banks is merely a multiplication of the understanding of individuals whose opionions and attitudes are established in school years. Moreover, one of the most receptive places in which the banking industry can develop community goodwill and understanding is in the schools.

The Public Relations Council has developed school teaching aids to supplement its film and speech service programs. Examples are:

Money and Banking in our Everyday Living—A profusely illustrated teaching unit for high school classroom use. Released in 1951, this 12-page unit is the forerunner of a contemplated long-range program of teaching aids to meet all school situations. A concise and interesting presentation of American banking in action, the unit is accompanied by an appropriate teacher's guide of suggestions and quiz questions. About 90,000 of these units have been distributed to schools through member banks.

Opportunities in Banking—A vocational booklet for high school seniors on the subject of job opportunities and requirements in the banking business. This booklet is frequently used in conjunction with the A.B.A.'s vocational film. More than 100,000 copies have been distributed.

Two additional items are in process of development:

Student Workbook on Checks—A kit of demonstration materials on bank checks and checking accounts containing items such as printed checks, deposit slips, and account statements, plus problems in writing, endorsing, and using checks.

Interpretative Bank Tours—A student bank tour plan intended to explain the meaning of banking and to emphasize the vital importance of the banking system in America.

Speech Service

The Public Relations Council has developed a new series of prepared talks in kit form—as a continuing

speech service—on banking subjects for banker and teacher use. Each averaging about 20 minutes in length, the speeches are suitable for addressing adult or student audiences.

Contents of each speech kit include (a) prepared speech and complete outline, (b) sample news release, (c) recommendations for using the material, (d) return post card for comments, (e) order form listing additional talks, and (f) supplementary materials and suggestions. A wide range of subjects is covered: Your Family's Financial Future, A Career in Banking, Personal Money Management, Bank Credit, The Meaning of Inflation, Investing Money, Federal Reserve System, Farm Financial Reserves, Farm Money Management, Using Credit for Farm Production, Keeping Farm Financial Records, The Farmer and His Bank, Father-Son Farm Partnerships, Consumer and Instalment Credit, Borrowing Wisely, Your Will, Women as Family Money Managers.

More than 6,000 kits of these 17 talks have been distributed to date. Banker and teacher reactions have been enthusiastic and appreciative. Other talks are in the planning stage.

Workshops

The Public Relations Council has sponsored a continuing series of regional workshop or clinic meetings in cooperation with state banking associations. This open-discussion type of meeting is intended for leaders in the field of organized bank public relations. Delegates have included state and national association officers, state association secretaries, members of state association public relations or educational committees, and representatives of the A.B.A.

Purpose of the workshop meetings is to discuss the latest public relations methods and techniques, develop new thinking, seek practical solutions to problems, and exchange ideas and information—all at the state and national association level.

Beginning in the spring of 1950, workshop meetings have been held in Cincinnati, Kansas City, Phoenix, Atlantic City, Minneapolis, and Spokane.

In several instances the workshops have led to statesponsored projects. Two outstanding examples are the Oklahoma school program and the Nebraska and Georgia "Know Your Bank Week" programs.

Advertising

The purpose of the A.B.A. Advertising Department is to help member banks with their local advertising. It does this by supplying information, suggestions, and actual advertising material.

The Advertising Department is operated by men and women with long experience in bank advertising and related advertising fields. In the Department are specialists in planning, writing, laying out, designing, and producing advertising material. A trained and experienced staff handles the tens of thousands of individual orders and guides them through intricate steps of processing, imprinting, finishing, and ultimate delivery in final form to the local bank.

Material is supplied to banks in complete, personalized form and appears locally as the production of the issuing bank.

Over 9,800 Users

More than 60 percent of the banks in the country use services of the Advertising Department. Over 1,400 receive regular monthly newspaper services on year-round subscription plans. Several thousand order their newspaper requirements in periodic, outright lots. Still other thousands obtain direct mail, booklets, folders, blotters, posters, and other advertising material in quantities running high into the millions.

Policies

Certain policies have been developed through the years for the benefit of member banks:

Flexibility—Subscriptions can be altered or terminated by subscribing banks at will, simply by writing to the Advertising Department.

Replacement—Any poster or advertisement that does not meet the subscriber's needs may be exchanged for another without additional charge.

Exclusive Use—Each subscribing bank has sole use in its community of the advertising material.

Cooperation—The Advertising Department welcomes suggestions and constructive criticism regarding the advertising material it prepares. Knowledge of the individual bank's wishes helps to broaden and improve advertising department services to all member banks.

Newspaper Mat Service

Newspapers represent the Number 1 medium of advertising for banks, and the A.B.A. Advertising Department prepares a large volume and a wide variety of newspaper ads. These are furnished to banks complete in mat form ready to hand to the local newspaper for insertion. Some banks simply have the newspaper add the bank signature; but many other banks follow the recommendation to individualize the wording of each ad, and run it in space larger than the 2-column, 4-inch size used by the majority of banks. Banks individualize these ads by adding facts about their own institutions, such as interest rates, hours, and names of individuals whom depositors or borrowers should see for specific services. So flexible is this service that it can be used by the smallest bank that has no advertising department of its own as well as by the larger banks that supplement the services of an advertising agency.

The newspaper ads may be obtained under a subscription plan, or purchased individually or in special series of 12 to 24. The subscription plan enables a bank to obtain 52 newspaper ads—at a total annual cost of \$47.50. The outright sales are made on a similarly low-cost basis. If a bank were to prepare these ads, or have an agency prepare them, the artwork and production costs for a single ad frequently would be more than the cost of a whole year's service from the A.B.A. Last year 370 different advertisements were prepared and subscribers ordered more than 87,000 mats of these ads.

Here is a list of subjects currently being covered: automobile loans, banking-by-mail, business loans, institutional, mortgages, personal loans, checking accounts, equipment loans, farm loans, general loans, informative, repair loans, savings and thrift accounts, Savings Bonds, safe deposit boxes, trust services.

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These 2-column newspaper ads are 4" x 6"

Country Bank Service

A special newspaper mat service is available for country banks on an annual subscription basis which entitles the subscribing bank to receive 52 mats during the year, sent monthly in complete mat and proof form.

These advertisements are exclusively for country banks in agricultural areas, and have no application in cities and other types of communities. The illustrations are either attractive drawings or photographs of things that are familiar and interesting to farmers.

Banks doing part rural and part urban business can obtain a service of 52 ads combining departmental and country bank advertisements in any proportion they desire.

Special Ad Series

For banks that wish to run complete campaigns on a single service, the A.B.A. Advertising Department offers a special series of newspaper mats on many subjects. Each complete series is sold in mat form as a unit.

Direct Mail Material

In this field, the A.B.A. Advertising Department prepares folders, blotters, booklets, and statement inserts on all banking and trust subjects. Each year, 30 to 40 new direct mail pieces are produced. In 1952, banks distributed more than 10,000,000 copies of this material to their customers.

Four standard booklets that banks order and reorder are Bank Services for You, Trust Services for You, The Woman and Her Bank and Peter Penny and His Magic Dollar.

The first three are informative booklets designed to explain banking and trust services; the latter booklet—for distribution to youngsters (and their parents)—is in picture-sequence form and tells the story of American banking. Another educational booklet, written for students at the high school level, is American Banking in Action.

School Saver

School Saver is a four-page publication produced by the Advertising Department in collaboration with the committee on school savings banking. It is produced three times a year, for distribution by banks sponsoring school savings systems and is beamed at pupil-depositors and their parents. It contains a wide variety of features of interest to pupils, including systematic saving and good citizenship. It entertains as it teaches. A special issue of *School Saver* is published for banks that have not yet inaugurated school savings programs, and this version is available in communities where no school savings plan is in operation.

School Saver, now in its sixth year, is being used by 240 banks. More than 400,000 copies of the winter issue were distributed, or at the rate of over 1,200,000 copies a year.

Display Services

Posters—Every year three packaged sets of 12 posters each are prepared on commercial banking, savings, and trust subjects. Each poster is $21\frac{1}{2} \times 31\frac{1}{2}$ inches in size.

All are printed on fine quality paper, in attractive colors by the photogelatine printing process. All illustrations are photographic and chosen for their attention-getting value. All posters ordered are shipped at one time in a strong, corrugated carton which makes an excellent storage case.

Frames for displaying posters in window or lobby are available in several different styles.

Shadow Box Display—This bank lobby display consists of a natural wood frame attached to a metal shadow box, with three interchangeable, full-color transparencies advertising checks, loans, and savings. The shadow box is $17\frac{1}{2}$ " high, 23" wide, and 6" deep. It is sent complete with electric cord and lamps.

Radio

A full year's radio program is available to member banks. Twenty-six dramatized transcriptions on money management and loans form the core of 15-minute weekly programs over local stations. A sample record will be sent which can be played on a home phonograph or record player.

Annual Surveys

As a service to member banks, the Advertising Department conducts periodic surveys of advertising activities by commercial banks, mutual savings banks, and trust companies. Questions are asked about expenditures, services to be advertised, media to be used, and the important job to be done for the current year. The results are two-fold. The surveys enable banks to acquaint them-

An envelope stuffer in two colors, which, when folded in half as shown here, is $6\frac{1}{4}$ " x $3\frac{1}{2}$ ". Copy and art work are inside.



selves with the national trend, and enable the A.B.A. Advertising Department to keep a finger on the pulse of the nation's banks and slant its material in the right direction.

Information Service

Every day banks write asking about making special displays for fairs, home shows, and local exhibits; how to design a float for a parade; where to obtain a specialized lobby sign, a mailing piece on a special subject, or the services of an organization to conduct a market survey, and similar data.

The A.B.A. Advertising Department welcomes every inquiry about bank advertising and kindred subjects from member banks, and answers out of its own experience or as a result of specially conducted research on the subject about which the bank makes inquiry.

Agriculture

For years the activities of the Agricultural Commission have had a public relations impact. For example, 40 years ago, banker-representatives of the Commission appeared before Congressional committees to consider the establishment of the Extension Service as a part of our land-grant college system. Since then the primary function of the Commission has been to stimulate the interest of bankers in (1) providing sound and adequate credit services for farmers, (2) promoting improved and more profitable agriculture, and (3) encouraging the general betterment of agricultural practices.

The youth activities program of the Commission has been paramount for a number of years. Efforts have been made through state bankers associations and banks to support more effectively 4-H Clubs and Future Farmers of America. At present, this activity has greater support from banks than any other phase of our agricultural program. Close liaison has been maintained with the Extension Service of the United States Department of Agriculture, the state colleges of agriculture, the U. S. Office of Education, and the National Committee on Boys and Girls Club Work.

A new project of the Commission concerns emphasis on the short courses offered by many of the land-grant colleges. These courses provide an opportunity for young farm men and women to take specialized training in various phases of agriculture, and many banks are providing scholarships to these young people. This makes it possible for those who, for one reason or another, do not plan to enroll in a four-year degree course to take vocational training. The Commission has worked closely with the W. K. Kellogg Foundation of Battle Creek, Michigan, and the Short Course Section of the Land-Grant College Association in promoting this program.

The preservation and improvement of one of our natural resources—the soil—has been stressed by the Agricultural Commission. Efforts have been made to familiarize banks with the problems of soil conservation and to point out how they can assist their farmer-

customers in promoting soil improvement practices. This work necessitates contact with numerous organizations having membership at the county level. Some of these are the National Association of Soil Conservation District Supervisors, the Soil Conservation Society of America, Friends of the Land, and the Soil Conservation Service of the USDA. A recent activity in cooperation with the Yale Conservation Program has resulted in bringing local conservation supervisors into contact with banks throughout the country.

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In recent years the Commission has stressed the importance of well managed woodlands and the part that they can play in the economy of many of our communities. It is recognized that credit can play an important role in the development of farm woodlands to their maximum productive capacity. A close cooperative relationship has been developed with the State Extension Foresters, State Foresters, the USDA Forest Service, the American Forestry Association, the American Forest Products Industries, Inc., and the Association of State Foresters.

Livestock financing by banks is becoming increasingly important. Nearly a half of bank agricultural lending is on some phase of livestock production. The Commission is working on a program to develop a sound foundation for expanding livestock farming, with emphasis on improved livestock management practices and balanced feeding programs. This activity brings the Commission into close contact with national farm organizations, the livestock associations, meat industry groups, and allied businesses. As improved grasslands are important to the livestock industry, the Commission has cooperated with the National Grasslands Program sponsored jointly by the Land-Grant College Association and the USDA.

Regular meetings with representatives of all major institutional farm mortgage lenders have been held during the past 11 years. The activities of this group—the National Agricultural Credit Committee—have strongly influenced the maintenance of a sound credit position for agriculture despite a rise in land values exceeding that of World War I. Studies on current farm land price trends and the agricultural credit situation are made available to banks and to the major farm mortgage lenders.

The Agricultural Commission has always recognized the necessity and importance of close cooperation with farm organizations on questions of policy and legislation affecting agricultural credit. Meetings have been held with representatives of the American Farm Bureau Federation, the National Grange, and the National Council of Farmer Cooperatives to develop a program of simplifying and strengthening the farm credit services available from private, cooperative, and Government agencies. This activity has tended to clarify for the organizations that are spokesmen for farmers the position of banks on subsidized and socialized credit.

An important phase of the Commission's program has been an educational one, in that state associations, in cooperation with state colleges of agriculture, are conducting farm credit schools or general agricultural schools for bankers. Since the Commission has been serving as a clearing house on programs, subject matter, techniques, and other features of these schools, close working relationships with many of the land-grant colleges have resulted. Publications of the Com-

mission are made available to the colleges and many are used as text material, particularly in the agricultural economics courses.

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For a number of years the Commission has had five advisers—men representing the land-grant colleges of the country. Further, it has worked closely with the national associations of land-grant colleges and universities, county agricultural agents, and 4-H Club agents.

Credit is due all the state bankers associations, as each has an active agricultural committee. In addition, all have appointed county key bankers (with titles varying in some states) who have been helpful in getting national and state agricultural programs carried down to the local level. Some 2,944 key bankers, or one for every agricultural county, serve as liaison between the banks and the agricultural interests in their counties.

From the foregoing, it is evident that tremendous strides have been made in developing a better understanding of the banks' place as a major source of agricultural credit. The Agricultural Commission is dedicated to helping keep agriculture financially sound. This means that banks must have an understanding of the problems of agriculture and recognize agriculture as one of the most important segments of American business.

Operations

 $T_{
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m HERE}$ are a number of projects which the Bank Management Commission has completed, or is working on, which have a public relations aspect.

In a very general way the Commission's activities are directed toward the improvement of bank operating procedures to enable a bank to give better service to its customers. This improved service includes such things as speeding up the handling of checks, reducing lines at tellers' windows by giving faster service, and introducing new methods of taking care of customer transactions.

Typical of this type of activity would be publications, such as the two volumes on Aids and Suggestions for Improving Bank Operations, which contain scores of ideas to help a bank improve its service to customers. Such methods deal with operating techniques in the teller's cage; the introduction of mechanical devices; lobby depositories; day use of night depositories by customers who make deposits containing large amounts of currency; drive-in windows; parking facilities; curb-type depositories, etc.

Years ago the Commission formulated a "Statement of Principles of Commercial Banking," which presented the tested and accepted fundamentals of sound commercial banking. The Statement of Principles was published in booklet form for bank distribution to customers and it covered in general the responsibilities of the commercial bank and its obligation to its depositors, its borrowers, its stockholders, the community, its officers and employees. The purpose of the Statement was to summarize the fundamental relationships and responsibilities which exist between the commercial bank and the public.

A page from the "Statement" booklet, 334" x 614"

STATEMENT OF PRINCIPLES OF COMMERCIAL BANKING

Introduction

DEFINITION A commercial bank is a financial institution, chartered and supervised by the state or federal government primarily to receive deposits and provide for current credit needs. It operates under specific laws, regulations and limitations which emphasize that the bank's primary obligation is to serve the public interest.

PURPOSES

Commercial banks have three main functions. The first is to accept and to safeguard deposits. The second is to permit the payment of money by checks drawn against those deposits. The third is to lend funds at interest to meet the legitimate credit needs of merchants, farmers, manufacturers and others.

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Recently the Commission published a folder entitled Your Biggest Bargain, which pointed out what is given to the public by a bank through its checking account service in the way of convenience, safety, and protec-

tion. Then it told of the time, effort, and expense which this service saves for customers. It then discussed the work which is involved in handling these accounts, stressing the large amount of detail necessary, and why it is sometimes necessary to make a charge for the service when the earnings from balance maintained are insufficient to compensate the bank for the service rendered in handling the account. This folder was prepared for distribution by banks to their customers:

banks

The Commission has prepared a number of forms of different kinds for use in bank credit departments. These are used in obtaining information from customers for the use of banks as a basis for the granting of credit.

It prepared a standard assignment form for assigning life insurance policies as collateral for bank loans. The purpose of the Commission was to have uniform provisions which would be fair to both the bank customer and the bank. Because this assignment form was recognized by most of the insurers, it speeded up very materially the handling of this type of loan, making it possible for a bank to make funds available to customers much more speedily than was formerly possible.

The Commission gave considerable study and thought and made recommendations to the bank with respect to how a bank might protect its records and continue to give banking service to the public in the event of the bombing of our cities.

While the Bank Management Commission is not primarily a public relations department as such, many of its activities and projects have a direct bearing on service to customers and the community. This definite public relations aspect should not be overlooked.

It is recognized that, to many individuals, the teller with whom they do business "is the bank," and, therefore, it is the Commission's concern that tellers, through improved procedures, practices, and equipment, be enabled to give these customers efficient, speedy, and courteous service.

Publications

It might be said that BANKING's public relations activities are as varied as its contents.

To its readers in this country and in many foreign lands the magazine each month reports, in special articles and various departments, successful public relations ideas developed and used by individual banks.

It brings to bankers the news of the Association's extensive work on behalf of national, state and savings banks, trust companies, and of other organizations whose own work touches the banking business.

Its cartoon features by skilled artists are largely pointed at bank public relations, emphasizing with the aid of humor and perhaps a bit of exaggeration ways to promote better service and friendlier contacts with people. Banking's many occasional cartoons, scattered through each issue, are to a considerable extent selected for their public relations messages.

The magazine's general articles, departments, and the current series of Special Reports (each on a single subject) provide background material, commentaries, news and interpretation designed and destined to reach the public through the banks. Information, applied to everyday managerial and operating decisions, is a sharp tool in the public relations kit.

In Banking's Chicago office there's probably the largest library of pictures relating to new bank buildings. Mounted in albums which can be borrowed by any bank—and have been borrowed by many—these photographs offer hundreds of construction, layout and furnishing suggestions to financial institutions planning to build new homes or modernize old ones.

Banking's annual Forum in Print, an exhibit of bank advertising, has its public relations aspects, too; it brings into focus, to an extent limited only by the number of entries, examples of advertising that have been offered to the public.

The monthly News Letter and the educational displays of bank equipment and services sponsored by the magazine at various Association meetings are other media through which the A.B.A.'s official journal is reaching people who are the present or potential users of banking facilities.

Country Banks

There are four studies by the Country Bank Operations Commission which were designed to provide bankers with assistance in matters that have a definite public relations impact. These are:

Analysis of Savings Departments of Smaller Commercial Banks (1952)—An individual cost analysis of the savings departments of 2,208 banks under \$7,500,-000 in total assets. The report sets forth costs, earnings, profits, etc. It enables bankers to make comparisons with other banks and to make sound decisions regarding interest rate to be paid savings customers. It received wide publicity in many financial publications.

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Bank Tellers' Do's and Don't's (1952)—A reference guide for tellers, a training aid for inexperienced tellers, to assist officers and supervisors in providing guidance for employees under their supervision, and a basis for conducting staff conferences. Although much of the material in this booklet deals with public relations matters, one entire chapter is devoted to "Customer and Employee Relations."

How to Set up a Salary Program in the Smaller Bank and How to Make an Area Salary Survey (1951)—These studies point out the advisability of adopting a systematic method of determining salary payments. They make comparisons with salaries being paid by other business establishments, including banks, and serve as guides in setting up these programs in the individual bank.

Checking Account Service Charges for Country Banks, Current Trends in Bank Costs, Simplified Cost Analysis for Smaller Banks, Survey of Bank Service Charges-One of the most important of the public relations problems facing bankers is that pertaining to charging customers for services performed. To do a good job in this respect, the banker should first have a thorough knowledge of costs in his bank. The next step is to compare his costs with those of other banks of comparable size and location to be certain that costs for his bank are not out of line. Following this comes the need for the establishment of a sound service charge program—one that is simple so that the customer can easily understand it and one that embodies rates that are based on a knowledge of costs and earnings and an understanding of competitive factors.

Lending

Every loan transaction in every bank provides an opportunity to make a good or a poor impression on someone. Thus the credit department is a most important public relations workshop.

The programs of three A.B.A. Commissions—Credit Policy, Instalment Credit, and Small Business Credit—touch public relations and its associate, public education, at numerous points. Some of the contacts are close, others more remote; but all help, in one way or another, to promote a smoother relationship between the seller and the user of a basic banking service.

Nationwide conferences, regional and group meetings, surveys, studies, and liaison efforts between business and banking are some of the channels through which these commissions touch the broad field of public relations.

Take the Instalment Credit Commission, for example. This A.B.A. unit, as previously reported in Banking, has recently organized a 94-man Advisory Board, representing every state, which will, among other things, advance a broad educational program for the 12,000 banks now in the instalment loan business. It plans to furnish the public with factual information on commercial banks' "small loan" activities.

Also important is its goal of facilitating a better understanding between banking and industry, particularly

the manufacturers of durable goods, and between bankers and retailers. The Board expects to set up a clearing house which will enable manufacturers to contact its members for discussion of mutual problems. Often industry offers financing plans that contain features unacceptable to banks; the Board hopes that by bringing bankers and industrialists together, better arrangements will result, and industry will be assured of continuity in the financing of its products.

The Commission has in preparation a booklet on the application of planned public relations to instalment credit. This handbook, it is expected, will show how banks can win friends and build business by applying

well-tested principles.

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The annual National Instalment Credit Conference, to be held this year in Chicago, March 23-25, offers a program that brings bankers valuable information related to this increasingly popular service to millions of Americans.

The Commission likewise has a Statement of Principles for instalment lending which is a basis for sound public relations.

The Credit Policy Commission's periodic surveys provide banks with bird's-eye views of the factors affecting the credit outlook in each Federal Reserve district. Although this is a service that does not directly touch the public, its comprehensive coverage and summary is a useful guide post to banks in planning their credit activities.

This Commission cooperated extensively in the recent Voluntary Credit Restraint Program, a job in which public relations figured prominently. It also sponsors the annual National Credit Conference, where banking's public contacts, through the lending service, are thoroughly canvassed.

The Small Business Credit Commission was organized several years ago to aid a vital segment of the economy through advice and counsel, and to improve managerial capacity. The Commission assists in setting up small business clinics throughout the country—meetings at which local banks, usually with the help of a university, give the "little fellow" friendly suggestions for the conduct of his business. The subjects discussed at these meetings cover a wide field: accounting, sales psychology, tax procedure, new ideas in display, how to get along with employees, etc. The conferences are designed to correct some of the mistakes often made by businessmen—errors and miscalculations which, because they are due to bad management, often lead to failure.

Customers, Personnel

THE bank's staff represents the bank to its customers and the general public. The impressions created by the staff in their direct and indirect contacts with customers and the public will improve or lower the bank's public relations rating in the community.

Courteous and efficient bank staffs do not just hap-

pen. They are the result of careful planning. The Customer and Personnel Relations Department was set up to assist bank management in obtaining the information necessary to establish sound personnel programs.

To help management obtain the necessary information, the director of Customer and Personnel Relations participates in area bank meetings throughout the country and conducts discussions designed to bring about a free exchange of opinion and experience, leading to a solution of pressing personnel problems.

In addition to consulting this department through conference and group meetings, A.B.A. member banks also obtain information by correspondence on such subjects as: personnel policy outlines; recruiting and selection aids; job analysis and employee merit rating; manual training and job instruction; supervisory training; wage and hour regulations; legislation on fair employment practices; bank labor union activities; and development of stronger customer-staff relations.

Graduate School

THE Graduate School of Banking was established in 1935 to provide advanced courses for bank officers and graduates of the American Institute of Banking. It has been given consistent and enthusiastic support by the bankers of the country during the 18 years of its existence.

The curriculum covers four major fields of study—Commercial Banking, Investments, Savings Management and Real Estate Financing, and Trusts. The courses are given on the basis of three annual resident sessions of two weeks' duration at Rutgers University in June each year, and two intervening winters of extension work done by the students at home.

Each student, to graduate, must present an acceptable thesis on some subject related to banking. A diploma, issued by The Graduate School of Banking and Rutgers University, is awarded for the completion of the course.

At the resident session in 1952, a total of 1,053 banker-students were in attendance; of this number, 338 were graduated—bringing to 3,191 the number of bankers who have been awarded diplomas since the School's inception.

The public relations impact of the facts recited in the preceding four paragraphs can hardly be measured.

First, the continuity of the School's influence on the thinking and attitudes of its students has a cumulative force that greatly enlarges the effect of any single year's operation. For 18 years men have come to the Graduate School sessions from everywhere in the country and from a dozen other sections of the globe. They live together for a total of six weeks and, in the atmosphere of the School, freely exchange experience and opinions—breaking down provincial thinking and building up nationwide viewpoints and understanding.

In their classes—the catalog coldly lists four major fields of study—personnel, customer, and public relations are specific subjects presented by competent instructors and discussed by competent members of both the faculty group and the student body. In addition, the ever-present human relations in all banking policies and procedures are constantly stressed by the School's lecturers. Classes in operations, credits, investments, and economics, as well as classes in advertising, publicity, and business development, pay as much attention to public relations as they do to professional proficiency.

In these times of apparent need for more "public education" in the fundamentals of the enterprise system, bankers are in an excellent position to contribute to the public's basic knowledge. The Graduate School of Banking, and the 80 other banker schools in the United States that follow a pattern similar to that of the Graduate School, feel that they are making a concrete contribution to the improvement of the public's opinion of the banking business and the enterprise system.

News

Just as important to public relations as direct contact between banks and their customers is the indirect contact between them via the news columns of the newspapers and the newscasts on the radio. It is through these two media that the public gets its general impressions of the business institutions including banks.

It is important that every bank have effective relations with the press. These relations involve the presentation of the bank's day-to-day activities in the newspapers of its community. This is its story of banking.

To help banks to do this, the News Bureau of the American Bankers Association has published a manual entitled *There's News in Your Bank*, which if used by banks will guide them into cooperative relations with the press and interesting publicity about them. Beyond that, the News Bureau assists individual banks, on request, in their publicity problems.

The A.B.A. itself is the national voice of banking. It speaks for the banks at the national level. Its activities are closely followed by the press. The A.B.A. News Bureau maintains constant contact with the press of the nation. It sets up press room service wherever A.B.A. meetings are held; and it maintains a flow of information to the public through the press on all manner of banking activity from its headquarters in New York.

Research

THE work of the Office of the Economist and the Research Council embraces a broad range of activities having indirect and direct contact with the public relations aspects of banking. The banking system is so inextricably woven into the pattern of economic activity that changes in business conditions, the financial structure, and monetary developments are constantly affecting the banks, and consequently their relations with their customers and the general public.

Much of the work of the department consists of background research service which is used by other departments, divisions, committees, and individual One of a series of A.B.A.-distributed 2 - column newspaper ads

members of the Association. This work has one major aim: the development and interpretation of data, facts, and opinions that will serve to give a clearer picture



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When the cost of our services to you is greater than the interest which the size of your loanable balance allows us to earn, we must make a charge You can avoid service charges by main-

You can avoid service charges by maintaining a balance large enough to compensate us for handling the number of checks you draw We'll gladly give you actual figures.

of present day banking problems and trends. Whether the results take the form of statistical compilations, historical or analytical memoranda, or speech materials, the research constantly finds its ways into public relations channels through congressional hearings, prepared speeches, articles in financial publications, such as Banking, and reports of committees of the Association. Also, frequent requests are received, not only from financial institutions, but also from business concerns, governmental organizations, educational institutions and individuals for research information which can tell the story of banking and interpret some of its current problems.

The services of the department, particularly those of the Economist, have been made available to banking groups and others through the acceptance of speaking engagements on subjects of current interest. In the course of the year, therefore, the Economist has the opportunity to face thousands of persons on the public platform and help to cement goodwill between banking and the public. The popularity of women's finance forums, for example, has produced a constant demand for his services.

Savings

NEARLY seventy million people have savings accounts in the banks of the United States. The public relations aspects involved are fully appreciated by the American Bankers Association. It realizes that the fate of the chartered banking system lies in the voting power of these customers.

In a typical commercial bank the savings depositors outnumber the demand depositors five to one. Our whole banking system is judged by the manner in which it serves the savings customers.

Most of the Savings and Mortgage Division's public relations activities are directed by the Committee on Savings and Mortgage Development. The first responsibility of the committee is to induce those commercial banks not now in the savings business to embrace the activity as a service to the community as well as a profitable function. Since 1941 the committee has been largely influential in reducing the number of banks without a savings function from 4,000 to 1,700.

The Committee provides various helps to banks to promote the savings business. In cooperation with the Advertising Department, it analyzes the media available and suggests minimum budgets and typically effective programs. Recently it developed the "instalment savings plan," which suggests that a certain amount be set aside weekly or monthly to provide for financial independence.

The backbone of this campaign is a series of 13 newspaper advertisements. To augment this major selling force and to coordinate the program there are a folder, a blotter, two display cards, and four radio spot announcements.

This campaign is designed as an integrated promotion and is offered only as a complete unit. In other words, while other A.B.A. promotional material on savings can be ordered as individual pieces, this campaign is available only to banks wishing to use it in its entirety.

Among the aids available is a booklet entitled *Personal Money Management*. Banks traditionally have been the institutions to which people look for financial advice. Since it is expensive to use a bank officer to help customers with their budgetary problems, the A.B.A. has prepared this popular booklet with the use of which a family can work out financial plan with the least possible effort.

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Some banks have run large ads stating that a copy of *Personal Money Management* is available on request. One bank which has distributed thousands of copies in this manner has found that 80 percent of those requesting copies were noncustomers of the bank.

For over 50 years the Savings and Mortgage Division has been national headquarters for the school savings movement in the United States. At the present time over 500 savings and commercial banks act as depositories serving 3,300,000 school children in 10,000 schools scattered throughout 33 states. These children now have on deposit nearly \$100,000,000 in the school banks.

A National School Savings Forum is conducted in New York City early in March of each year. This is one of the means being used to encourage banks to enter this field and to extend their school savings faciliities. The ultimate objective is a school savings program as a part of the curriculum in every school in the country.

To meet the savings needs of the public, many incentive savings plans have been developed. The Division publishes full information concerning all plans designed to encourage and develop the systematic savings habit, including commercial ventures. The current publication, *Incentive Savings Plans*, includes the following with full explanations and illustrations: Packaged Saving Plan; "Buy \$1000" Plan; Certificate of Deposit on E-Bond Principle; Future Pay-Day Security; Savings Bill; "Club" Plans; Special Purpose Budget Savings Account; Sav-Assured Plan; Life Insured Savings Account; Life Insurance Savings Account; Thriftsurance and Savesurance; Hopalong Cassidy Savings Club and Saving Rodeo; Split-Rate; and Banking-By-Mail.

Because of its importance, the Division publishes a separate booklet on savings plans. The following systems are explained: (1) passbook, (2) card (variations of passbook), (3) coupon, (4) stamp, (5) punched card, and (6) voucher.

Real estate finance is an integral part of thrift activ-

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MONTHLY INCOME	MO. BY PAMILY	SAVINGS	roop	CLOTHING	SHELTER	OPERATING	ADVANCEMENT
200	2	130	\$65	\$18	\$40	917	130
	3	20	76	19	40	17	26
	4	10	90	20	40	20	30
225	2	34	68	20	45	18	40
	3	28	80	22	45	18	3.2
	4	15	91	44	45	20	20
250	2	40	20	22	50	23	45
	3	35	85	22	56)	24	34
	4	23	95	25	50	25	32
275	2	46	79	26	52	24	52
	3	40)	90	28	52	25	40
	4	W	110	32	52	26	15
300	2	53	73	30	55	25	60
	3	4.7	95	3.2	55	26	45
	4	36	103	35	55	30	39
325	2	62	78	30	60	30	65
	3	52	90	35	60	32	90
	4	42	1 16	40	60	32	43

The top portion of a chart from Personal Money Management. The income figures in the left-hand column are continued to include incomes of \$1,000 a month, with corresponding figures in the expenditure columns

ity. Many of the Division's services not only encourage people to own their own homes but also show how homes may be financed most satisfactorily. While most of the Division's mortgage booklets deal with operations, one has been written with public relations angles in mind from beginning to end. This book is The Human Side of Mortgage Loan Servicing. Since servicing begins the moment a mortgage loan is approved, this is a public relations guide for all mortgage officers.

In order to give members the best available advice, the Division conducts surveys in cooperation with the Advertising Department. The advertising surveys of the past two years reveal that advertising of savings tops all other services. Not many years ago it was at or near the bottom. The promotion of the Savings and Mortgage Division is largely responsible. A customer survey, conducted in cooperation with the Public Relations Council, determined "where people save and why they save there." This survey will guide the Division in keeping the membership informed as to how competition can best be met.

The greatest problem is to induce members to use the public relations aids which are available.

Trusts

Three major trust conferences are sponsored annually by the Trust Division, the principal one of which is the Mid-Winter Trust Conference, held in New York City in February. Registration from all over the country is very high. The Western Regional Trust Conference, which will be held this year in October in San Diego, California, and the Mid-Continent Trust Conference, which will be held in November in Chicago, are also very well attended.

The men responsible for setting up these trust programs know from experience that the tide of economic, political, and international affairs is so changing that opportunities to exchange ideas with others having common problems and objectives are most useful. Therefore, the selection of speakers is not restricted to the trust field.

The addresses delivered at these conferences are pub-

Itshed in the *Trust Bulletin* of the Trust Division, which is mailed to every trust institution in the country. These published talks are read by the many trustmen who did not have the opportunity to attend any of the conferences, and are their "conference in print."

Each of the 15 committees of the Trust Division has its share of projects, which, upon completion, are described in the *Trust Bulletin*. These projects are referred to by many trustmen, speakers, students—particularly those attending The Graduate School of Banking and other schools—and many others outside the trust field. These committees attempt to discover the best way to conduct trust business, by studying the trends in investments, costs, employees' trust, fiduciary legislation, taxation, education, personnel, and many other subjects.

There are three committees of the Trust Division that function primarily in the field of public relations:

(1) Committee on Relations with the Bar. It is in the interest of the public that the proper principles, as laid down by the National Conference Group in its Statement of Policies, be adhered to. The National Conference Group consists of five trustmen and five representatives of the American Bar Association. The above statement is a guide for trustmen and attorneys in their important relationships. The relations between these two groups ever since the adoption of the Statement of Policies in 1941 has been most harmonious.

(2) Committee on Relations with Life Underwriters. This Committee has worked closely with life underwriters, and in 1934 a "Statement of Guiding Principles for Relationships Between Life Underwriters and Trustmen" was adopted. The existence and continuance of active and intimate relations between life underwriters on the one hand and trustmen on the other are inevitable, because life underwriters and trustmen deal habitually with different but closely related aspects of estates of the same persons. Consequently, life underwriters and trustmen have a clear understanding of and agreement upon basic principles and practices underlying these relationships.

(3) Committee on Relations with Supervisory Authorities. This Committee works very closely with representatives of the supervisory agencies—the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the National Association of Supervisors of State Banks. During 1949 and 1950, joint conferences were held in the 12 Federal Reserve districts. The purpose of these joint conferences was to consider ways of improving both trust supervision and trust examinations.

War Veterans

Banks in all parts of the country recognized the public relations value of assisting veterans of World War II to re-establish themselves in their communities. Newspapers carried stories of bank after bank that designated one of their officers as a veteran counselor, or set up a veterans' department where returning servicemen could discuss their future plans.

Naturally, most of the banks' activities were under

the Veterans Administration loan program. This program, established by Congress in 1944, was designed to assist veterans of World War II in readjusting to civilian life by facilitating the financing of homes, farms, and businesses. Already over 3,000,000 VA insured or guaranteed loans totaling \$20-billion have been made. Banks have made approximately 1,400,000 of these loans totaling over \$8-billion—more than any other class of lender.

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In addition to loaning money, bankers also gave of their knowledge and experience. Bank farm representatives aided many veterans in planning and financing sound farm programs. Likewise, other bank credit men worked closely with veterans embarking on a variety of business enterprises or purchasing homes.

Banks also received publicity for their work with disabled veterans. In many communities, banks worked with other local groups in providing housing especially suited for veterans with certain serious disabilities. In addition, some banks found that there were jobs in the banks that could be performed satisfactorily by disabled veterans.

Today there is a constant stream of veterans returning from the Korean conflict. Banks again have the opportunity of serving their communities by making available to this new group of veterans the same facilities that were available to veterans of World War II.

To work with the Veterans Administration and other veterans' organizations in solving problems of mutual interest to veterans and banks, the American Bankers Association formed the Committee on Service for War Veterans. The services of the Committee are available to A.B.A. members any time they desire information or assistance with their GI programs.

Washington

E STABLISHED close to the center of the national Government as a department of the A.B.A., the Washington Office acts as a liaison, or as a clearing house of facts and information, between organized banking represented by the A.B.A. and the organized public represented by the Federal Government.

The infinite variety of interests and points of view of this diversified country are reflected in some 15,000 bills introduced in Congress during a two-year session. Only a very small percentage of these bills affect or relate to banking or have any particular significance to the economic system. A great majority of bills introduced in Congress are never acted upon. All of these bills, however, must be studied. In a given session there is a substantial number of legislative proposals affecting the public interest in regard to which the A.B.A. must take an interest. The Washington Office studies all such bills and informs the membership concerning them through the medium of the secretaries of the state banking associations, bulletins, articles in BANKING, and news releases prepared by the Association's News Bureau.

The Washington Office keeps its Committee on Federal Legislation and its subcommittees apprised of developments so that informed bankers may be made available to give testimony at hearings on certain bills when requested to do so by congressional committees.

Often the suggestions and recommendations of experienced bankers aid the Congress to approve pending legislation, so that, when it is enacted, it will be in the best interests of the economy, which means the public interest. Sometimes it is necessary to oppose legislation. Occasionally it is necessary to give aid in the introduction of legislation.

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lls es. Another function of the Washington Office is its relations with the many governmental departments and agencies. This involves not only discussing general and specific problems of banks with Government departments and agencies, but also advocating revisions of such regulations and decisions as are promultated, in order to make them workable and serviceable. Information regarding the governmental agencies and departmental activities is likewise disseminated to members of the A.B.A.

Since the Washington Office is engaged in representing member banks in the national capital, it also is constantly engaged in obtaining information for individual banks vital to their operations. It welcomes inquiries from the members and the opportunity to serve them.

The Institute

E ACH year the educational program of the American Institute of Banking places special emphasis on public relations. This emphasis is both direct and indirect. The direct emphasis on public relations is at-

tained through the wide variety of activities sponsored by the National Public Relations Committee of the Institute. The indirect emphasis on public relations is achieved through the activities of other national committees and through various text materials.

Before outlining the major aspects of these two approaches to public relations, it should be understood that the Institute's philosophy of public relations may be expressed as follows: Well trained, competent personnel will provide efficient services for the bank's customers, and satisfied customers will speak well of the staff and of the bank that renders such services. A sound educational program for the bank's personnel, therefore, is basic for effective public relations.

The public relations activities of the Institute are carried on primarily through the National Public Relations Committee, the chairman of which is a member of the A.B.A. Public Relations Council. The major activities of this Committee last year may be summarized as follows: (1) school relations, including talks by bankers and the showing of bank films to school groups, banker-educator banquets, and teacher clinics and workshops; (2) bank visitations by high school, college, and adult groups; (3) radio and television programs; and (4) speakers' bureau programs for such miscellaneous adult groups as civic clubs and women's clubs.

During the past Institute year, the National Public Relations Committee reported that 2,136 public relations programs of the types listed were sponsored by more than 200 chapters and that 217,549 persons were in attendance. In addition, the Committee estimated that approximately 750,000 persons were reached

One leaf of a folder describing a new course for bank employees, offered by the Public Relations Council



Written by DR. DONALD A. LAIRD and ELEANOR C. LAIRD Issued by A.B. A. PUBLIC RELATIONS COUNCIL

through the medium of 22 radio and television programs sponsored by A.I.B. chapters.

The Institute is stressing, again this year, the public relations values of strong school relations programs. Since approximately 80 percent of high school graduates do not pursue their formal education further, it is essential that they learn something about the role of banking in our economy during their high school years. Through films, talks, bank tours, banker-educator dinners, teacher workshops, and the like, a fine school-bank relationship can be developed. The success of the program proves, too, that the local chapter is the ideal segment of the banking fraternity to sponsor these public relations activities.

The Institute also stresses the role of public relations in banking indirectly. Its primary indirect references to public relations are through (1) text materials, (2) manuals for chapter leaders, (3) news releases, (4) women's activities, (5) forum and seminar programs, and (6) debate and public speaking contests.

Many A.I.B. formal textbooks contain material on public relations for operating officers and top management. The new short courses contain a broad philosophy of public relations especially for young people entering banking and for those engaged in proof, transit, book-keeping, and teller work. The public speaking and debate topics and our forum and seminar themes are usually selected from among current problems in banking, finance, and economics and are, therefore, not only a useful means of educating banker personnel but usually an effective vehicle for improving the banker's public relations as well.

In summary, it may be said that the Institute is engaged primarily in the building of an educational program for all bankers, from the beginner to top management. Intimately identified, however, with the formal and informal educational programs is an awareness of the immediate public relations impact on all that we do. For this reason, public relations experts work with the A.I.B. closely in building its educational materials.

A New Challenge

What we need now is economic education in order that our people will be able to give informed support to sound leadership—the sound leadership which we expect our new Administration to give us. It is the opinion of the millions of people over this country which determines whether or not our legislators and administrators can follow a sound course. When more people have a clear understanding of how our capitalistic economy works, there will be less social unrest and less opportunity for irresponsible demagoguery.

During the last twenty-five years, our free capitalistic economy has been on the defensive. What is needed for the next twenty-five years is a definite, creative plan for reselling the free enterprise system to the public. This is a new challenge. The time to start is now.

* * *

One of the greatest services that bankers today can offer their customers is the clarification of the issues before us.

W. HAROLD BRENTON
President
American Bankers Association



Good relations between the President and Congress have been strongly evidenced during the Administration's first weeks

The Blueprint of an Administration

LAWRENCE STAFFORD

PRESIDENT EISENHOWER has set boldly the main foundations of his Administration's economic policy.

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In monetary matters he will rely upon fiscal control and the Federal Reserve System's flexible credit policy, with debt management conforming, to prevent inflation.

He will oppose direct controls unless a grave emergency seems at some time to make them unavoidable.

Mr. Eisenhower has voiced the most unequivocal faith in two cardinal policies to be sounded by a President of the United States in almost a generation.

The first of these is the free price system.

The second is the imperative necessity for balancing the Federal budget.

He has committed himself in favor of a reduction of the burden of taxes as soon as curtailed Federal

spending makes this possible. He also has stressed the importance of overhauling the tax system to restore incentives to save and produce.

In foreign policy, whose variegated costs impinge broadly upon the nation's economy, he has committed himself to a re-examination of programs, objectives, and methods, with every indication that policies and programs must produce results to stand.

Apart from these broad economic foundations, the new President has indicated an approach of deliberation in coming to proposed solutions of national problems. He is studying first and proposing second.

Spending Control

President Eisenhower gave the most positive indications of his intention to restore control over spending in his first message to the new Congress. He placed this aim as No. 1 on the list of his fiscal and

economic objectives, stating the objective as follows:

"Reduce the planned deficits and then balance the budget, which means, among other things, reducing Federal expenditures to the safe minimum."

At another point in his message, he stated, "The first order of business is the elimination of the annual deficit. This cannot be achieved by exhortation. It demands the concerted action of all those in responsible positions in the Government and the earnest cooperation of Congress," and further: "A balanced budget is an essential first measure in checking further depreciation in the buying power of the dollar."

This objective was further underscored when the President declared that "Reduction in taxes will be justified only as we can succeed in bringing the budget under control."

Mr. Eisenhower further emphasized this objective when he indicated that, in the field of military

The Government and Its Money



HORRIEL

GOVERNMENT debt management was one of the subjects which Treasury Deputy W. Randolph Burgess discussed with members of the Society of Business Magazine Editors on their recent visit to Washington. (A scene at their interview with Mr. Burgess appears on Banking's cover.) Mr. Burgess pointed out in unmistakable terms that the management of the Federal debt affects, individually, every business in the United States.

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A further part of Mr. Burgess' creed regarding governmental and monetary morals was stated by him on an earlier date before the American Philosophical Society. He said:

"A scheme of life that gradually depreciates the savings of the prudent and thrifty will undermine the moral values of our democracy; and, in the last analysis, democracy is fully as much a moral attribute of a people as a physical

"If the money accounts of the nation are soundly in order, it is the best assurance that the nation itself is sound....

"In the long run, the operation of a democracy will depend on the education, understanding, and self-discipline of the people in specific relation to government and the inculcation of sound traditions."

In the photo at the left, Mr. Burgess and Under Secretary Marion B. Folsom are shown with some of the magazine editors who were visiting Washington on one of their periodic trips to interview Government officials

preparation, he sought not necessarily the biggest armed force but the best, and was going to strike directly at waste in military expendi-

Finally, following the delivery of the message to Congress, Budget Director Joseph M. Dodge, a former A.B.A. president, issued an order with the express approval of the President, putting a damper on all hiring of new employees or starting of new projects until the need therefor could be reviewed and established as a certainty.

It is noted that the President distinguished between the objective of control over expenditures and its corollary of balancing the budget. The first problem chronologically is to get out of the habit of planning for a deficit. On the other hand, if the war does not increase sharply in scope and cost, the President will seek to achieve, with the cooperation of Congress, a balanced budget at the first possible moment.

Mr. Eisenhower left no doubt that he is working toward tax relief, despite the fact that it is dependent upon success in balancing the budget. After the budget is balanced, and the Government has "met the huge costs of defense" and is able to "properly handle the burden of our inheritance of debt and obligations," and to "check the menace of inflation," he listed the following additional fiscal and economic objectives:

"Work toward the earliest possible reduction of the tax burden;

"Make constructive plans to encourage the initiative of our citizens."

Tax Relief

Highly-placed congressional observers believe there is an excellent possibility that a modicum of tax relief can be achieved later in the year without conflicting with the President's objectives, with which the majority in Congress is believed in accord.

In the first place, they point out, the \$78.6-billion expenditure estimate for fiscal '54 made by retiring President Truman could easily be too high. It is noted that there was a difference of more than \$10-billion—on the high side—between Mr.

Truman's first and third estimates of expenditure for the current fiscal year.

In the second place, military and foreign spending was obviously falling substantially below the aggregate target of \$65-billion of only last summer. It appears that military spending has been cut back, even if this was not readily admitted heretofore.

In the third place, the Budget Director in his economy order has indicated that the new Administration is going to slash into the backlog of tens of billions of standing appropriations and contract authorizations voted by previous Congresses. The new Administration is not going to approach expenditure control as though it were something which could only be begun by curtailing the volume of new appropriations for fiscal 1954 and subsequent years. Congress also is already working on a recapture of existing spending allowances.

Along with the entire business world, the commercial banking business can probably reckon that the excess profits tax will not be renewed

when it expires June 30. In the improbable event of some situation demanding equivalent revenues, other sources of taxes would be substituted.

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It is also believed that the latest boost in personal income taxes, said to average 11 percent, can be allowed to expire by law next December 31, or possibly the expiration can be moved up to June 30, as proposed by Chairman Daniel A. Reed (R., N. Y.) of the House Ways and Means Committee.

However, the present Administration and the majority party in Congress mean to pursue the course, set by the President, of balancing the budget first. If there is any faltering in the success of the economy drive or any new national emergency, then even the present prospective volume of revenue must be protected.

Assuming normal possibilities for success of the economy drive and no emergency, then in late spring or early summer something like the Reed bill probably will clear Congress readily.

Mr. Folsom's Beginning

Already the Treasury Department has begun to prepare for the eventual long-range project of overhauling the nation's tax laws. Under Secretary Marion B. Folsom, who will specialize on tax problems, began to give this subject attention almost as soon as he was installed in office

Mr. Folsom appointed Professor Dan Throop Smith of the Harvard Graduate School of Business Administration to head up a new tax advisory staff. This staff will begin at once to study the problem of over-all revision. It will maintain close touch with the technical staff of the Congressional Joint Committee on Internal Revenue, under its director, Colin F. Stam.

Mr. Stam has been making a special study for several months, in questionnaires distributed to thousands of firms, of the ideas of taxpaying businesses and individuals about what should be incorporated in a general tax revision bill.

Already officials are hearing about several leading problems which seem to interest numerous taxpayers. One is that the allowable rates of depreciation are too low. Another is that a start should be made in reducing

(CONTINUED ON PAGE 126)

Counting Uncle Sam's Gold

HERBERT BRATTER

Some \$23.5-billion in gold and more than \$2-billion of monetary silver are among the Treasury's assets now in process of being verified by the Government. For several years demands have been heard in the Congress that someone go out to Fort Knox and count our gold stock. Now it is being done, on the occasion of the handing over of power by the Democratic to the Republican Administration.

The procedures being used in verifying the assets in the custody of the Treasurer of the United States and the Bureau of the Mint are those recommended by a committee appointed jointly by the outgoing and incoming Secretaries of the Treasury early in January. The members of that advisory body were: W. L. Hemingway of the Mercantile Trust Company, St. Louis, and former A.B.A. President, chairman; William F. Kurtz of the Pennsylvania Company, Philadelphia: Sidney B. Congdon of the National City Bank of Cleveland; and J. L. Robertson, Federal Reserve Board member.

These consultants recommended creation of a continuing committee representing the outgoing and incoming administrations to supervise the auditing of all assets of the Mint institutions, the Treasurer's office, and the Treasury's Division of Loans and Currency, and to supervise the checking of gold and silver bullion. The latter does not involve physical handling of each bar or coin, but is done on a spot-check basis. The continuing committee consists of representatives of the Comptroller General of the United States as well as various Treasury bureaus.

The Hemingway advisory committee, whose work was quickly finished, reviewed the audit and control procedures of the Treasury and reported that the GAO is satisfied with their effectiveness. The four bankers expressed "no reason to doubt that the assets reflected in the records are intact." But to

make doubly sure, it recommended verification of the gold and silver, stating:

"Approximately 971/2 percent of the gold and silver bullion in these Mint institutions is held in compartments under joint seal. The contents of some of these compartments have not been counted for a considerable period of time, although the seals have been checked and examined annually and, of course, the compartments are under what would appear to be very effective guard. We believe that in general the bullion under joint seal can be accepted according to the inventory, but we suggest that to make doubly sure of the accuracy of the audit, there should be a spot check. . . ."

The advisory report concluded:
"We wish to reiterate that
throughout our studies we have
been most favorably impressed by
the strict accounting and audit procedures in force in all divisions and
bureaus with which we dealt and
by the capacity of the gentlemen
charged with their supervision. It
would seem that every feasible
safeguard has been thrown around
the Treasury's assets..."

At the Assay Office in New York, some gold bars worth \$3,500,000 are taken from their resting place for the Government's spot-check



UNITED IRDES

The Atmosphere for Conversation

By DONALD A. LAIRD, with illustrations by DICK ERICSON

Ast night after lodge meeting I had the most interesting conversation of my life with some of the boys," the company auditor said. "But when I got home and tried to repeat it to my wife, it seemed as dry as waste paper. I



couldn't put it across to her, and somehow, I feel she suspects I was just cooking up a story. Does my failure to make it interesting to her mean I am a poor conversationalist?"

Not necessarily, for conversations are usually like paper towels—they are good for just one use.

Have you ever enjoyed a hearty conversation with a group, and then discovered someone had made a secret recording of it? And what a let down it was when you heard the conversation played back!

One reason played back conversation seems embarrasingly boring is because it is now old stuff. Much of



the interest in talk comes because it glides along to new topics, or fresh angles of the old topic; talk needs elasticity and bounce to become conversation. Backing up, or repeating the same thing is not conversation. The big reason played-back conversations seem uncomfortably dull is because the atmosphere has leaked away. It is the total situation that creates an atmosphere which changes mere talk into conversation.

Talk does not become conversation unless it is conducted in an atmosphere of friendliness, congeniality, and mutual appreciation of feeling at home and accepted by others.

That atmosphere gives charm to conversation, and raises what might be the commonplace to an animated exchange of ideas. The charm may be broken by slight occurrences.

General U. S. Grant, for instance, was sensitive to slight changes. The entry of one new person would change the atmosphere so completely for him that he would abruptly break off his conversation and become silent. The general would not resume his part until he had become used to the stranger and the atmosphere had been restored for him.

The person who is most likely to ruin a conversation is known as a wet blanket. The wet blanket has



the sorry knack for giving the atmosphere the wrong charge. He spreads a chilly blanket over conversation with his hard or grim manner which gives off an aura of gloom, suspicion, and rancor.

Here are 10 personal characteristics that give the atmosphere negative charges, causing repulsion

rather than attraction, and make some people wet blankets:



arguing
bragging
complaining
correcting people
criticizing
domineering
fault-finding
being pessimistic
prying
suspecting



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Just one of those characteristics, well developed, can transform a fashion plate into a wet blanket. Merely arguing, for instance, is enough to ruin the atmosphere. The arguer puts others on the defensive, or arouses the hostility in their natures. Each of the characteristics on that list makes it difficult to have a congenial exchange which is essential for real conversation.

The wet blanket characteristics generate a killjoy atmosphere in which others want either to talk back, or shut up like clams. Conversation dies, or becomes a battle royal, because the wet blanket gives the atmosphere negative charges which bring out the worse side of others.

The deadening characteristics of wet blankets feed upon themselves.

You start to criticise just slightly, for instance, and the other person follows suit and criticises back at



you. This defense of his makes you present your side a bit more forcefully; he naturally imitates you again and increases the violence of his defense and counter-criticism.

With thee conversing, I forget all time. - MILTON'S Paradise Lost

Soon you both are shouting and fit to be tied.

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Whenever people get together, human characteristics are caught by imitation and snowball larger. We tend to mirror the moods or attitudes of those we are with—and in a mirror that magnifies.

Just a pinch of the qualities making a wet blanket can build up quickly into a washout atmosphere. They are mostly self-centered qualities. One might better be tonguetted than self-centered when it comes to generating an atmosphere that favors conversation.

A wer blanket is identified in the dictionary. But we'll have to invent a name for the opposite sort of people, those who warm up conversations. So let's call them electric blankets, although they are some-

times described as "all wool and a yard wide," due to their heartwarming qualities. Sometimes we say they are "comfortable as an old shoe."

As others imitate these comfortable qualities, constraint is forgotten and the genial atmosphere puts all in a frame of mind for an unrestrained conversation. No talking back, no hostility, no clamming up.

Personal characteristics which give the field of attraction positive charges and create an atmosphere favorable to free-flowing conversation, are:



agreeing
appreciating
cheering
encouraging
flattering
listening
smiling
being unassuming
understanding





Those characteristics draw people together sympathetically. That is one purpose of the small talk at the opening of conversations.

Skilled conversationalists have a knack for switching off the wet blankets' characteristics. And also to switch on the feed-back of the electric blankets' more favorable qualities.

They deliberately refuse to imitate the wet blanket's arguing, fault-finding, or what not. They are watching at the start of conversations for qualities they do not want



to catch, so are less likely to catch them.

They deliberately show the opposite of any forbidding qualities they spot in others' words or manner. This sets a more desirable example to feed-back to the other person. When the other finds fault, for instance, they counter with flattery for something.

When the atmosphere is favorable, due to control of the feed-back between people, words are better received. If unpleasant things just have to be said, it pays to wait until the atmosphere is right before saying them.

Negotiators skilled in settling industrial disputes follow this practice carefully. They may spend three days building up an atmosphere so the situation is ripe for the critical five minutes of decision.

Andrew Carnegie had a genius for establishing the atmosphere of "being one of us" which set the stage for a free flow of conversation. Although he had a squeaky



voice, and was so short his feet did not touch the floor from an ordinary chair, pleasing Andrew could charm a bird right out of a tree. He was as warm as an electric blanket.

His skill in setting harmonious moods, and switching off dangerous feed-backs, made millions for him.

It takes an atmosphere of good human relations to get a conversation under way. And if it is a real conversation, it will close with still better human relations.

No wonder the tape recorder misses those essentials which have the magic to create an atmosphere which transforms a discourse into conversation!

METHODS and IDEAS

 $Operating\ Procedures \dots Public\ Relations \dots Advertising$

Here's a quick report on some of the ideas developed at the Bank Operations Clinic in Philadelphia, co-sponsored by the Pennsylvania Bankers Association and the Wharton School of Finance and Commerce, University of Pennsylvania.

Operating Control

Pointers on operating control by management were offered by Charles H. Zimmerman, general chairman of the PBA Bank Operations Division and vice-president and comptroller of the Capital Bank and Trust Company, Harrisburg.

This control includes operations—mechanical and financial, for efficient and economical service, with a resultant substantial earning power; tax control—the continuous kind that demands constant familiarity with the tax laws and regulations, and their application to bank earnings; audit control—to keep profits after taxes from internal dishonesty.

Control of mechanical operations involves keeping up to date and using common sense. Many publications providing information and suggestions about internal operations are available; many correspondent banks offer operational surveys.

Control of financial operations employs substantially the same methods as does the analysis of a borrower's financial condition. First, where are we now? (Look at the statement of assets and liabilities.) Second, how did we get there? (Study the profit and loss statement.) Third, where are we going? (Projection of a budget will provide a pretty good idea.)

If loan interest is falling off, is it because we aren't exploring and developing the market for good loans? How about interest on municipals? Do we need more because of our tax status? What's the over-all pic-



At the PBA clinic: left to right, James H. Kennedy, vice-president and cashier, The Philadelphia National Bank; George C. Rutledge, PBA president and president, Johnstown Bank & Trust Co.; Charles H. Zimmerman, general chairman, PBA Bank Operations Division and vice-president and comptroller, Capital Bank & Trust Co., Harrisburg

ture on investment income? Maybe we should invest more closely.

If the service charge account is decreasing, is it because depositors are maintaining better balances or because we haven't been watching and analyzing those borderline accounts?

Is the trust department's commission account barely holding its own, despite an ever-increasing amount of work performed? Perhaps some accounts aren't showing a profit; and perhaps the people we're doing the work for would be glad to pay more if we sat down and talked to them.

If we want net profits we'd better watch expenses. The greatest operating expense in a service business

This department is edited by John L. Cooley of Banking's staff.

like banking is salaries, and to get value for money paid is a real problem. We can still stress "merit" increases and play down "across the board" increases—try to have a bank with fewer, but higher paid and meritorious employees, and streamline and mechanize operations wherever possible. paste shelv

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Let's spend the expense dollar carefully and wisely, and not adopt the defeatist attitude: "What's the difference? We'll pay most of it out in taxes anyway!"

How about tax control? Do we just make out income tax returns and then forget about income and excess profits taxes until the end of the next year? Then we're not doing what we should. Wouldn't it be much better to follow the trend of income and expenses during the year and know where we're going, taxwise, and plan accordingly?

Finally, concluded Mr. Zimmerman, there's auditing. If we believe that shortages "can't happen here" and that auditing isn't for us, we'll either bear the responsibility or perhaps change our viewpoint and determine how our banks can be audited. Prevention is a vastly more important part of auditing than is detection.

Operation Streamline

STREAMLINING in a bank is "increasing operating efficiency so that eventually there will be automatic saving, although there will probably be an increase rather than a decrease in expenses for a short initial period," Edwin G. Uhl, vice-president and comptroller of the Land Title Bank & Trust Company, Philadelphia, told the clinic. Mr. Uhl reported on four examples of streamlining.

Archives. Forced to move its records into smaller quarters, Land Title took three steps to meet the new conditions. First, it installed

more efficient equipment, replacing nasteboard boxes, packages and chelving with full suspension filing cabinets. Second, it put in microfilm machines which eventually made possible the destruction of about 12 tons of records. Third, a control card was made for every record. showing how long the original should be kept, when it should be photographed, and when destroyed. In the title department alone, storage space for settlement checks has been reduced to 280 cubic feet from

Record storage must be competently and intelligently super-

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Payroll. Many banks pay their own staffs by cash, and the payroll has become quite a clerical chore. An alternative is the voucher check method, which provides a statement of the employee's deductions. A bank too small to need mechanical equipment for this work could type checks and subsidiary records simultaneously, at a saving. Your present accounting or reproducing equipment can probably be used. And you'll have a better record.

One system is to pay by checks (CONTINUED ON PAGE 118)

The Trenton (N. J.) Banking Company published its yearend financial statement as a "Report to the Public for 1952." The full-page ad was devoted to a simple explanation of the figures' meaning in terms of service to indi-viduals, families, and business — "what our product [money service] has done for others." Here's a small section of of the ad

What our product has done for others in 1952



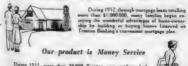
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Our product is Money Service

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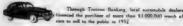


Our product is Money Service



During 1952, more than 30,000 Trenton area residents had bidd an unusual and convenient charge account plan, made power of the part of the





Safe Deposit Procedures

JAMES A. McBAIN

Here are further excerpts from the highly informative memorandum on this subject presented by MR. McBAIN, vicepresident of The Chase Safe Deposit Company, New York, to the State Legislative Council of the American Bankers Association

Rental Procedure

A NEW box renter may be making his first visit to the bank, or to any bank for that matter. A lasting impression will be made upon him if he is treated right. But that does not mean that all business offered should be accepted. It is important to know with whom the bank is dealing. If the customer has a bank account, it is presumed that the bank has satisfied itself concerning his references and background.

If he has no account, he should be otherwise identified. Do not rent to anvone in an assumed name, unless he has the right to use that name, such as a pen name or trade name; the true name should then be cross referenced if the contract is filed under the assumed name. It is not desirable to rent to criminals. It may cause trouble for the bank and concern to other customers. Do not rent to a customer who gives his address in care of the bank as it complicates matters in giving legal notice, especially if his rent should become unpaid.

Some banks may not rent to persons unless they are of legal age. If they do rent to minors of mature years, they will not allow appointment of deputies. Deputies need not be of legal age, but must be mature.

Renting the Box

S How a new customer the boxes available and let him select at random the one he wants from those available. A record should be available showing the numbers of unrented boxes in the various size and price groups. There are certain motions to go through when making the rental. Explanation should be made of the type of key or lock that is used, emphasizing the fact that the keys issued have been under joint con-

When the customer is ready to sign a contract, explain the various types. Let him choose the kind of contract he wants. Do not give "legal advice" by instructing him how to rent the box. This is up to him to decide. If he should ask what may happen after his death if an envelope is in the box

marked as the property of another, do not attempt to give him any "legal advice" on that point either, since the disposition of such matters must be left to the discretion of persons charged with administration of his estate.

Individual Contracts and Deputies

I HE most common contract is the individual rental with provision for the appointment of a deputy or deputies. If the lessee appoints a deputy, have the proper form signed. If the deputy is not with the lessee, consider the advisability of permitting the lessee to take away a form to be signed and returned. Keep a record that he has such a form. It is best to have both parties present in order that the lessee may identify the deputy and witness his signature.

Co-Lessee Contract

Some banks provide for rentals on colessee contracts. This may be a form that gives the survivor of the lessees the right of access. The bank should consider its policy in this respect. The co-lessee contract, which, by its terms, grants the right of access to the survivor, is one that is looked upon with favor by some banks and disapproved by others. In the event of the death of one of the lessees under such a contract the survivor would have the right of access provided there is compliance with any local tax restrictions. It is also possible that such a contract may provide that access may be had by the accredited representative of the deceased lessee.

The other type of co-lessee contract will permit access to either of the lessees during his lifetime, but, after death of one, only to the accredited representative of the estate of the decedent and the survivor, or by one or the other of them by their mutual consent. There must be compliance with tax restrictions, if any.

Under both types the lessees, by signed agreement, may appoint deputies pursuant to the rules and regulations of the lessor and on forms provided by it.

Employees of banks should avoid describing such contracts in a way that misleads customers into believing they are vehicles for the transfer of title to property. (Hence the use of the word 'co-lessees" instead of "joint tenants"). Any statements about such contracts should be limited to an explanation of how access may be granted after death and not what happens to title of property in the box, if any.

GOVERNMENT BONDS

MURRAY OLYPHANT

The first step on the road leading toward a better distribution of maturities for the U. S. debt structure was decidedly cautious. Offering a choice between a 1-year $2\frac{1}{4}$ percent certificate and a 5-year-and-10-month $2\frac{1}{2}$ percent bond in exchange for the nearly \$9-billion of $1\frac{1}{8}$ percent certificates which matured on February 15, the new Treasury officials frankly admitted that "the bulk of the maturing certificates is held by investors who prefer short-term securities. . . . The new offering, however, will give any holders who may wish to do so an opportunity to extend their maturities."

Even if only about 10 percent of the holders of the maturing 1% percent certificates take the longer maturity, a start will have been made in cutting down the huge volume of less-than-1-year obligations. Similar choices are likely to be given to holders of the certificates maturing in June and August, with the length of the longer choice geared to market and money conditions then prevailing. This is a sensible and realistic approach to the highly desirable although difficult problem of spreading out the weight of the maturity structure.

Why 21/4 Percent for One Year

The nature of the offering had been fully anticipated. A bond in the 5-6-year range was certainly not too long for commercial bank portfolios. The $2\frac{1}{2}$ percent coupon was right on the market. The surprise was the $2\frac{1}{4}$ percent rate for one year. With only $\frac{1}{4}$ percent rate benefit for an increased life of five years 10 months, there seemed less reason for maturity holders to take the market risk for the longer period. This seemed to operate against the acceptance of as many $2\frac{1}{2}$ percent bonds as might have been taken had the 1-year rate been kept at $2\frac{1}{8}$ percent.

But the explanation of the 21/4 percent rate can probably be found in the desire to do everything possible to prevent a demand for cash on the maturity of the 1% percent certificates. A 1-year rate of 21/4 percent was quite clearly a bargain, and sure to be worth a modest premium. There could be little excuse for anyone to refuse to accept the exchange. From now on refundings must, if possible, stand on their own feet with no assistance from the Open Market Committee. Hence, if cash attrition is to be avoided, the new offerings must be worth while taking. Remember that last year in refunding over \$30-billion of maturities, the Treasury had to find nearly \$2-billion cash in spite of the assistance given by the Open Market Committee to some of the larger and stickier offerings, notably the \$10-billion refinancing in October.

So everything worked out nicely and the Treasury expressed gratification over the result. Only \$137,000,000 of the nearly \$9-billion of maturities were not exchanged, which is only about $1\frac{1}{2}$ percent and a nearly irreducible minimum. The Federal Reserve had owned \$3,700,000,000 for some time, bought no more in the market, and took the new $2\frac{1}{4}$ percent certificates in exchange.

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True, only \$619,000,000 of $2\frac{1}{2}$ percent bonds were wanted and these apparently by smaller banking institutions. Dealers had bought quite a lot of the $1\frac{1}{6}$ percent certificates, before the exchange books closed, from corporations who preferred Treasury bills to a new 1-year maturity. It looks as though the dealers exchanged for the $2\frac{1}{4}$ percent certificates realizing that there would be little or no demand for the $2\frac{1}{4}$ percent bonds at a premium of 4/32.

Easy Does It

What we have now is assurance that there will be no forcible feeding of the market with long-term Governments until conditions are such that they would be sure of acceptance. The present offering could be repeated in June when nearly \$5-billion 1% percent certificates mature, with the details keyed to market and monetary conditions at that time. With this first step in meeting the problems of refinancing, the new Treasury officials are quite clearly feeling their way cautiously and justifying the belief that they are fully aware of the need for making haste slowly. They know where they are going and plan to get there in an orderly manner. We can look forward to future refinancing with complete confidence that it will be accomplished with progressive success.

At long last the rediscount rate was brought into line with existent monetary and market conditions with the announcement on January 16 that it would be raised from 1¾ percent to 2 percent. There had been no change since August 1950, although 1¾ percent had entirely ceased to be "a penalty rate" and was tending to produce overborrowing, partially because of tax advantages. In only two weeks between June 30 and February 2 had the weekly Treasury bill offerings failed to sell at 1¾ percent or more, actually reaching 2¼ percent at the end of December. To raise the rate was not to signal the approach of higher short-term interest rates, but merely to recognize that the rise had already taken place. Actually the change was made

Public Credit for Private Industry

The transcript of a panel discussion on the use of public credit in the financing of private industry has been made available by the Committee on State Legislation of the American Bankers Association. The panel was held at last September's meeting of the committee in Atlantic City. Members were M. D. Brett, John S. Linen, Arthur F. Maxwell, Conwell Sykes, David M. Wood, and Sherman Hazeltine, moderator. Copies of the transcript may be had by writing to Thomas B. Paton, Secretary, Committee on State Legislation, 12 East 36th Street, New York 16, N. Y.—ED.

just when seasonal factors had a tendency to ease the money picture slightly, so that its effect was helpful to the market rather than the reverse. Clearly, however, the Reserve authorities are giving notice that any tendency on the part of banks to extend new credit unwisely might now be countered by further changes in the rediscount rate; a weapon which has been in the discard for too long.

The rise in the rate was overdue. Moreover, it was just as well to get it out of the way before the Treasury refinancing was announced, as an element of uncertainty was thereby removed, permitting appraisal of the terms of the new offerings in relation to a market not subject to a new shock. Now the market can react directly to developments in the credit field.

Money Factors' Seasonal Easing

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The pressure on the money picture at the year-end resulted from increases in loans and in money in circulation.

From 11/26/52 to 12/24/52 gross loans

increased \$828,000,000

From 11/19/52 to 12/23/52 circulation

increased \$915,000,000

As an offset the Federal Portfolio was

increased \$1.282.000.000

But despite the rise in the Federal portfolio the member banks were forced to increase their borrowings until they reached slightly over \$2,000,000,000.

Then the tide turned.

By January 28 circulation had declined \$1,165,000,000
Gross loans had declined \$669,000,000
and the Fed portfolio had been reduced \$874,000,000
while the member banks had reduced
their borrowings to about \$1,250,000,000

Some further decline in loans is expected, although the real pay-off is not looked for until the second quarter. Nevertheless, this month may see some further moderately easing factors in the money market. Weekto-week changes can be followed by watching the prices for Treasury bills. They will probably go at something less or slightly more than the rediscount rate, depending on just what has happened during the week to the factors determining bank reserves.

Fed Portfolio at New High

It is quite striking to note that on December 31 the Federal Reserve banks had \$24,697,000,000 of Government securities, an all time high. This compares with \$24,092,000,000 on January 2, 1946, just at the end of the war financing period. That war-end figure was passed in the first week of last December. Since the "accord" between the Fed and the Treasury in April 1951, "pegging" the market for Government securities has not been a major factor in increasing or decreasing the Federal portfolio, but the rise in loans in 1951 and 1952 so increased the Reserve requirements of the member banks that the Fed was forced to provide the reserves by adding to its Government holdings. It goes without saying that the objective of the Fed will now (CONTINUED ON PAGE 136)

Investment Markets

H. EUGENE DICKHUTH

THE slowly rising money curve continues to dominate the investment markets. Bonds have had a tendency to decline in price and thus bring yields up nearer the higher interest levels of new issues in a general movement of adjustment.

Illustrative of this movement is a compilation by The Bond Buyer which stated recently that the tax-free yield on state and municipal bond issues had risen to an average of 2.48 percent.

This is a sizable yield, especially considering the fact that only a year ago the same index stood at only 2.07 percent. Most of the yield increases have occurred since last summer, and the monetary policies of the new Republican Administration seem to assure a continuation of this trend.

Projections for 1953 seem to indicate that the demand for investment funds for private construction, corporate business, state and local governments, and the Treasury will probably be slightly smaller than in 1952, and the accumulation of savings will probably proceed at the same rate as last year, barring a shrinkage of business volume when Government defense spending tapers off.

Another over-all development in the investment markets was the announcement by Eugene R. Black, president of the International Bank for Reconstruction and Development, that Great Britain is making available to the bank nearly three-fourths of its sterling subscription. The funds to be released are £60,000,000, or about \$168,000,000. They will be used for meritorious lending projects in the sterling area and they are expected to be disbursed over a period of from six to 10 years.

Stock flotations in January amounted to \$76,639,000, the highest monthly total since July, but new bond issues were lower. However, special issues of tax-exempt bonds and large issues of public utility stocks lifted the aggregate of securities offered by underwriters publicly in the first month of the year.

New bonds totalled \$587,184,000 for 109 issues, but of this amount \$111,015,000 represented 45 issues of Public Housing Administration obligations. The January bond output was the smallest since October. It compared with \$719,148,000 for 67 issues in December and with \$720,252,000 for 78 issues in January 1952. Industrial bonds amounted to only \$700,000, against \$120,000,000 in January 1952.

January stock offerings were \$76,639,000, comprising 15 new issues. This compared with \$23,175,000 for nine issues in December and with \$85,707,000 for 16 issues in January 1952. Of the total, public utility offerings comprised \$68,156,000, against \$23,330,000 in January 1952, and industrials were \$6,983,000, against \$56,865,000 in the like 1952 month.

Underwriters, however, expect the demand for industrial capital of all types to increase. The underlying situation was revealed in a survey by the National Industrial Conference Board which reported that one in 10 companies regarded its working capital as "adequate" at the year end and one in six thought it would be "hard-pressed" in 1953.



The A.B.A. Livestock Committee takes time from its busy schedule to pose for a picture. Left to right, seated: Messrs. Timm, Fredricksen, Reed, Crouley (chairman), Galland, Westra, and Brown. Standing, Messrs. Savidge, Tapp, Thorne, Coultas, and Castle

The A.B.A.'s Long-Range Livestock Program

A LONG-RANGE program to encourage production of livestock on American farms and ranches on a sound economic basis was outlined, discussed, and agreed upon by the Livestock Committee of the Agricultural Commission of the American Bankers Association at a recent two-day meeting in Chicago. The Committee's report and recommendations will be made to the annual meeting of the Commission in Houston, Texas, on March 11 and 12.

Donovan E. Crouley, vice-president, Northwestern National Bank of Minneapolis, is Committee chairman.

Financing Manual

One of the current projects of the Livestock Committee is the writing of a livestock financing manual designed for use by banks and covering all phases of financing the livestock industry. One section will deal with credit information needed to support various loans secured by livestock. Other parts will cover feeder loans including those made on cattle, lambs, and hogs. Breeder and ranch cattle and sheep loans

will be discussed in detail, while another section of the manual will take up many aspects of barnyard or diversified farming loans secured by livestock.

In its long-range program, the Committee is continuing to place emphasis on the livestock-grassland programs which have been developed by most of the land grant colleges. It is believed that the improvement of grasslands and the utilization of idle acres on farms offer most promising possibilities for increasing production of meat and livestock products in this country.

In this connection, the A.B.A. Committee recognizes a controversy between the forest service and ranch livestock producers regarding the use of Government-owned lands for grazing purposes. The Committee is continuing its study of the proposal for Federal enactment entitled "Uniform Federal Grazing Lands Tenancy Act," which is intended to provide for the orderly use, improvement, and development of public lands. The Committee is also considering participation in the work of the National Institute of Animal Agriculture.

In its long-range program, the A.B.A. Committee is cooperating with, and participating in, activities to educate bankers, producers, and consumers in important phases of the livestock industry. It was pointed out to Committee members by representatives of the American Meat Institute that there is a pressing need for increased research leading to the elimination of disease among livestock.

Discussion of the long-range program by the Committee was in addition to the action with regard to the immediate unfavorable situation facing raisers and feeders of livestock, which resulted in a Committee recommendation, forwarded to Federal officials, for the elimination of all price controls on meat and livestock products and abolishing of compulsory grading of meat required under OPS.

Committee and Guests

Besides Mr. Crouley, members of the Committee and guests who met during the two days in Chicago included: Carl L. Fredricksen, president, The Live Stock (CONTINUED ON PAGE 64)

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Financing Truck Crops

R. J. CASTILLE

The author is president of the Guaranty Bank and Trust Company of Lafayette, Louisiana, and chairman of the agricultural committee of the Louisiana Bankers Association.

THE financing of truck crops as a farmer's only source of income in most sections is a hazardous operation. Truck crops are very high-risk crops in many areas because of weather conditions and price fluctuations. However, truck crops on some farms could be added to the individual farmer's advantage. They would provide him with a diversification of farming enterprise, provide additional income on the farm, a better utilization of farm labor the year around, and better land utilization. In strictly truck crop farming, as much as three to four crops can be produced on the same land and offer certain advantages in that respect over a one crop

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In the handling of a truck crop lean, just as any other type of production loan, the applicant should possess certain qualifications:

(1) The integrity of the individual should be unquestionable. The holding back of information on his financial statement, the spending of loan proceeds for purposes other than planned for in the loan, the spending or holding back of money from sale of crop without retiring his loan without the banker's knowledge are examples of dishonesty. What is his record of meeting his obligations? Has he spent money unwisely which should have been used to pay his debts?

(2) The loan applicant should be a good farmer. A good farmer can be defined as one who is willing and reasonably efficient in the production of crops in the case of a truck farmer. How can you tell when a farmer is a good farmer? He will take pride in his work as is evident by the appearance of his farm. He has the know-how of doing things.

Winter and Summer Crops

Truck crops in our trade area consist of sweet potatoes, okra, peppers, snap beans, shallots, cabbages, and beets. Our major cash crops are cotton, sugar cane, and rice; however, no truck crops are grown on our rice farms. Truck crops are grown as a supplementary source of income on some farms, particularly where family labor can be utilized most advantageously.

Winter truck crops consist mostly of cabbages, shallots, and beets to be processed locally. These fit well on our cotton farms, since they are planted after the cotton crops are harvested and will be harvested before the next crops are planted.

A typical example of this type of farming would be 15 acres of cotton, eight acres of sweet potatoes, and seven acres of corn. those crops are harvested, depending on the amount of farm labor and locality, truck crops such as cabbages, shallots, beets, or a combination of all three, may be planted. Plot size will vary from one to 10 acres. Other acreage may be planted to one of several winter cover crops. Usually little financing is required for these truck crops, since they are planted right after the farmers have harvested their main cash crops. In most cases seed and fertilizer would be the only out-ofpocket money required.

Financing summer truck crops in combination with other cash crops is handled as one loan. Amount loaned will vary with acreage of major cash crops and truck crops to be planted, size of farm, fertility of land, and past performance of borrower. One type of operation would include any one or a combination of the following truck crops: sweet potatoes, peppers, okra, and snap beans. The latter three are generally planted on a contract basis, with the local cannery furnishing the seed, and in most cases acreage and time of planting will be specified in the contract.

A typical example of this type of farming could be the same farm mentioned above with cotton, sweet potatoes, and corn to be financed. Our loan in that type of financing would average around \$30 to \$35 per acre of cash crops. A breakdown of the amount financed per acre on the crops would be somewhat as follows:

Crops	Reed	Fer- tilizer	Labor	Insecti-	
Cotton	\$3	\$9 to	\$5 to	\$3 to	
		\$12	\$10	\$6	
Corn	\$1	\$9 to			
		\$12			
Sweet potatoes	\$8 to	\$9 to	\$5 to		
	910	915	210		

Depending on the amount of family labor available, money may or may not be provided for hired labor.

He plans ahead and is ready to combat situations that may arise. He keeps posted on the latest research in agriculture as it affects him in the proper use of fertilizer, varieties of crops, dates of planting, insect control, and proper care of his land.

(3) The loan applicant should possess the necessary facilities. The land should be suitable for the crops to be planted. Certain varieties of truck crop require a certain type of soil. If the soil is suitable but unproductive, can it be made productive by proper drainage, proper

use of fertilizer, or can other corrective measures be taken? He should have the necessary equipment.

In the production of certain truck crops, a tremendous amount of hard labor is required. Truck crops like okra, snap beans, strawberries, etc., have to be picked very often because the quality and grade will deteriorate rapidly. After the crop is harvested, in most cases tedious labor is required in the washing, grading, and packing the vegetables for market. A loan applicant without a suf-

(CONTINUED ON PAGE 64)

It would be easier to manufacture only one type of microfilmer but...

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But with only one microfilmer—or two—this would be an impossibility. Requirements vary much too much from bank to bank. The ideal microfilmer for one bank could be an unwise investment down the street.

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has; whatever features you don't need—you needn't buy. Thus, Recordak has made it possible for even the smallest banks to gain savings which are proportionate to those realized by the largest ones.

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The Recordak Junior Microfilmer, Model JD, is the ideal microfilmer for small banks; also, in many cases, the ideal auxiliary microfilmer for larger banks. New 8mm technic records documents up to 9½ inches wide side by side on Recordak 16mm microfilm, providing increased film economy. It is semi-automatic in operation—you simply press a button to get the picture. A film reader is an integral part of this compact, versatile machine. Purchase Price, \$1550; Rental Price, \$25 per month.



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RECORDAK specializes in microfilming only...has been analyzing the needs of banks for 25 years. A nation-wide staff of specialists is always at your call.

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"Recordak" is a trade-mark

(CONTINUED FROM PAGE 61) ficient amount of family labor, making it necessary for him to hire labor, will, in most cases, be headed into trouble. In the production of certain truck crops, hotbeds and

cold frames are a must.

Markets

The question of marketing is of paramount importance in the handling of most truck crop loans. Fresh produce must be handled quickly as the quality of the products deteriorates very fast once it is out of the farmer's hands. Here are some things to consider:

(1) Local fresh market: Is there a centralized market in the area where the farmer can market his produce regularly or does he have regular customers whom he calls on? Means of transportation available to the farmer is an important factor. If local market conditions are such that at times it would be unprofitable to market his produce locally, he may have to transport it to nearby towns.

(2) Other Markets: Does the community have facilities for processing fresh vegetables either by canning or freezing? Frozen food processing has expanded tremendously in the last few years and offers a very good local market when facilities exist in the community. Some processing plants make contracts with farmers calling for the production of certain types of vegetables at a guaranteed price. In some cases, transportation is provided by these plants through regularly established pick-up service in the community. If the vegetables are to be shipped while fresh to distant markets, either by truck or rail, the lenders should be sure that adequate facilities exist locally.

In handling truck crop loans, the vegetables to be produced should fit into one of the following markets and there should be facilities in the community for handling:

(a) Local centralized market—produce markets; (b) created local market—vegetable stands and stores; (c) distant fresh market—shippers, truckers, brokers; and (d) processing plants, such as (1) frozen processing plants and (2) canneries.

Crop

There are certain general requirements, irrespective of the crops to be planted, that should be met, including:

(1) Suitability of the land to the crops: This information can be obtained from the county agent as well as the recommended varieties of crops adapted to the community. Certain types of land may produce a very good truck crop, yet the quality may not be marketable. Even in some cases the produce may not hold up in shipment. In every crop, the variety should be the one for which there is a demand.

(2) Time of planting: The old adage to the effect that the early bird catches the worm is particularly applicable to truck farming. Generally, if the produce is ready for market early in the season, the local fresh market will pay a higher price. The price of vegetables fluctuates greatly in a short period of time, depending upon supply and demand. If the produce is to be shipped to distant markets, it is essential that the crop be big enough to attract buyers. Where produce is to be marketed to canneries or frozen packing plants, the contract with the farmers, in most cases, specifies the date of planting.

(3) Seed: The loan applicant should be encouraged to plant the best seed obtainable.

(4) Fertilization: The right kind and amount of fertilizer are important. Do not economize on a loan by omitting fertilizer.

(5) The farmer should know when and how to use insecticides and money should be made available if insecticide is needed.

Loan

(1) Make a visit to the farm and go over his plans in detail with the farmer. Check all chattels to be



R. J. Castille

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offered you as security for the loan.

(2) In arriving at the amount of loan, the lender should take into consideration these factors: (a) Cost of seed; (b) cost of fertilizer; (c) cost of insecticide; (d) cost of hired labor if needed; and (e) consolidation of all debts, if possible.

(3) Security: If security is necessary, take collateral on all chattels,

including crop.

(4) Budget Loan: If the farmer is a good one, trustworthy and a good manager, the total amount of loan may be given at one time. However, the budget loan is, in most cases, advisable.

(5) Repayment: A definite plan of repayment should be agreed to by the bank and the borrower, with payments to coincide with anticipated income.

A.B.A.'s Livestock Program

(CONTINUED FROM PAGE 60)

National Bank, Sioux City, Iowa; L. G. Galland, senior vice-president, Valley National Bank, Phoenix; John A. Reed, president, First National Bank, Kemmerer, Wyoming; Tony L. Westra, assistant vice-president, Northwest Security National Bank of Sioux Falls, South Dakota; Tyrus R. Timm, extension economist and professor of agricultural economics, Texas A. & M. College, College Station, Texas: G. B. Thorne, vice-president, Wilson & Company, Chicago; Wilbur H. Coultas, American Meat Institute, Chicago; Jesse W. Tapp, executive vice-president, Bank of America, San Francisco; J. Y. Castle, president, McDonald State Bank, North Platte, Nebraska; A. G. Brown, A.B.A. deputy manager in charge of the Agricultural Commission; and E. T. Savidge, secretary of the Agricultural Commission.

"If you'll try to keep my monthly payments down, I'll try to keep them up."



NEWS for Country Bankers

This department is edited by MARY B. LEACH of BANKING'S staff.

Country Bank Workshop in Louisville

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EADING experts in the field of country banking will meet with managing officers and directors from smaller banks throughout the nation in Louisville, Kentucky, on March 20, at a "Country Bank Workshop," being sponsored in the Brown Hotel by the Country Bank Operations Commission of the American Bankers Association. The program for the Workshop, which will be devoted entirely to operating problems and techniques of smaller banks, was announced recently by W. Harold Brenton, president of the American Bankers Association and president. State Bank of Des Moines, Iowa.

According to Mr. Brenton, "Management and operational problems of smaller banks will be discussed not only for the officers, but also to acquaint the directors with modern techniques for dealing with problems of current importance to country banks. Special emphasis will be placed on the duties and responsibilities of the country bank director."

A highlight of the program will be a morning panel discussion on "Safeguarding the Bank's Assets," which will deal with ways and means of preventing and discovering defalcations in smaller banks. Other subjects to be covered during the day are operating tools, meeting competition, personnel programs, and the country bank's place in the broad economic picture.

The complete Workshop program follows:

Morning Session

Friday, March 20, 9:15 A.M.

Introductory remarks by W. M. Willy, chairman, Country Bank Operations Commission, and president, Security Bank, Madison, S. D.

"Up-to-Date Operating Tools for Country Banks" by L. M. Schwartz, member, CBOC, and executive vicepresident, Citizens State Bank, Paola. Kansas.

"Meeting Country Bank Competition" by R. W. Trefz, past chairman, CBOC, and president, Arkansas Valley Bank, Pueblo, Colorado.

"Safeguarding the Bank's Assets"—a panel led by Mr. Schwartz and including: Alexander Chmielewski, Bank Commissioner of State of Rhode Island and immediate past president, National Association of Supervisors of State Banks, Providence; John L. Cecil, counsel, Federal Deposit Insurance Corporation, Washington; H. B. Clarke, Bank Commissioner of State of Tennessee, Nashville; and H. H. Carter, Bank Commissioner of State of Kentucky.

Luncheon-12:30 P. M.

"The Country Banker and Economic Progress" by Dr. Earl Butz, head, Department of Agricultural Economics, Purdue University. Lafayette, Indiana.

Afternoon Session-2:30 P. M.

"Bosses" by President Brenton.

"A Country Bank Personnel Program" by Mr. Willy.

"Duties and Responsibilities of the Country Bank L. ctor" by J. L. Robertson, member, Board of Governors, Federal Reserve System, Washington.

Farm Machinery Demand in 1953

Parmers will continue their strong demand for farm machinery and equipment during 1953 in the opinion of Horace D'Angelo, executive vice-president of Harry Ferguson, Inc., Detroit manufacturer of farm machinery. The Detroit industrialist said he bases his forecast on the high level of food and fiber consumption and the continuing shortage of farm labor.

Minnesota Expands Scholarship Program

In 1951 and 1952 bankers' scholarships for the School of Agriculture at the University Farm, St. Paul, Minnesota, were available in 32 counties, with as many as three available in some counties, according to Charles W. Wilkins, president, First National Bank of Austin and chairman of the Minnesota Bankers Association's Scholarship Committee.

MBA's scholarship program will be expanded in 1953, Mr. Wilkins said, if there is demand for this post-high school vocational training.

Several state bankers associations now have these bankers' scholarship programs, with Michigan in the lead with over 200 scholarship students in its winter course program.

The Minnesota scholarship is in the amount of \$400.

Warning Signals

ALTHOUGH the nation's farmers are in sound financial condition and can expect a good year in 1953, there are danger signals appearing that show "the honeymoon is over," Al J. Brown, vice-president of the Security-First National Bank of Los Angeles, said at the farm mortgage luncheon held in connection with the Western Savings and Mortgage Conference of the A.B.A. in Los Angeles last month.

"The farmer has enjoyed relatively high crop returns for the past 10 years," Mr. Brown said, "but along with it the cost of production has increased to the point that the margin between profit and loss is very thin and some crops are actually selling below the cost of production. Recent reports indicate that 1952 farm income is 12 percent below 1951 and farm costs are up 14 percent. To me this is a warn-

ing that banks should carefully review their crop loan formulas.

"We are today facing the problem of agricultural surpluses after 20 years of trial and error endeavoring to formulate a sound constructive agricultural program," Mr. Brown continued. "This is notwithstanding the fact that new legislation has been enacted each year to correct the mistakes of the previous year.

"People do not realize that cattle have declined about \$100 a head this last year because the drop in price has not been reflected at the consumer level; \$100 per head on 90million cattle means an inventory loss of \$9-billion to the cattle industry.

"Another example is cotton, which is about \$40 a bale less than last year or an inventory loss of \$600,-000,000. There are many other crops which have suffered similar losses.

"I do not point to these examples to create fear, but I do think they are warning signals."

From our new makes, a term of the first which is departed the traditional vision vertical to the test indicate the 4-H Clubbers and interesting and the thousands of fans who make the South wistom the position and fat Stock Show his most outstanding event of its located in America.

The warm message on this Fort Worth National Bank ad (10" x 14%" in size) was printed in black over a background in a red tint, with a red border, which was mighty effective

opinion that the last session of Congress performed a great disservice to agriculture when it extended the rigid, high-level, 90 percent of parity price supports through 1955.

"Now is an appropriate time to look critically at past farm program legislation and attempt to benefit by our past mistakes as we plan for the future. . . . Unless farmers are willing to live under a completely regimented economy, the only basis for a farm program in the future is to support farm prices against disastrous collapse. Farm prices do have a tendency to fluctuate widely, and there is danger of a farm price collapse touching off a disastrous national recession. The flexible price support program is a practical means to prevent such a drastic price decline."

Customer's Farm on Calendar

As a public relations gesture which has proved effective, the First National Bank of Cape Girardeau, Missouri, sends out annually a calendar illustrated with a scene from the farm of one of the bank's customers.

Farm Representative Herman W. Keller handles the mailing, sending the calendars to 700 farmers, implement dealers, county agents, and others.

42 at Businessmen's Judging Contest

FORTY-TWO farm, teaching, bank, insurance, and professional group representatives attended the first land judging contest held at the Wheatland Experiment Station near Cherokee, Oklahoma, which was under the sponsorship of honorary members of the FFA in three counties, according to The Oklahoma Banker.

K. G. Braley, president, Farmers Exchange Bank of Cherokee, and A & M College conservation leaders originated the contest. The college leaders acted as judges and certificates of merits were awarded to the 10 top winners.

Mr. Braley said that while the businessmen had witnessed judging contests for FFA and 4-H members, since conservation is important to the Cherokee trade area it was decided to hold a contest made-to-order for the older group.

Clarksville's Key Banker Acts

To the Bankers Farm Bulletin, published by the Federal Reserve Bank of Atlanta, we are indebted for this item:

"There are numerous examples of key bankers having taken the initiative in organizing local meetings that proved helpful and informative. Lewis C. Pace, county key banker and vice-president of the First National Bank of Clarksville, Tennessee, helped arrange a meeting of farm people, businessmen, and other interested parties for the purpose of presenting the economic outlook for agriculture in the Clarksville area. C. W. Bailey, president of the bank, presided. The "Agricultural Outlook for 1953" was discussed by True D. Morse, Under Secretary of Agricul-

First National printed Under Secretary Morse's address in booklet form and announces that it plans to hold a similar conference annually to help inform those in the Clarksville area of agricultural developments.

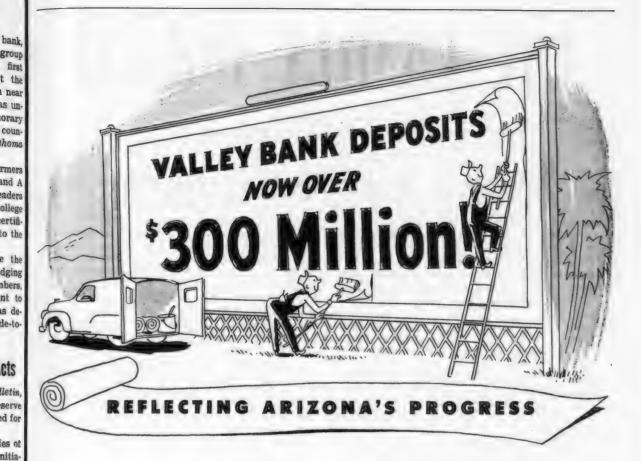
Green Acres Posters

DISTRIBUTION is being made of 15,000 "Green Acres" posters for display on farm buildings (CONTINUED ON PAGE 152)

Flexible Price Supports

In an address before the National Credit Conference of the American Bankers Association in Chicago, Charles B. Shuman, president of the Illinois Agricultural Association, Chicago, spoke on "Agriculture in 1953." Under the subtopic "farm program" he had this to say:

"For more than 20 years, we have experimented with various kinds of farm programs designed to bring economic equality to agriculture. This is a worth-while objective and should be kept in mind as we examine the relative merits of the various governmental programs with which we have experimented. . . . Following the end of the war, the highlevel price supports were continued. Farmers, themselves, through the Farm Bureau organization, took the lead in developing a new farm program based upon flexible price supports which was incorporated in the Agricultural Act of 1949. In supporting this legislation, farmers recognized that any long continuation of rigid, high-level price supports would result in excessive production and a return to acreage controls and marketing quotas. However, as a result of continued delay by Congress, this flexible price support legislation has never been put into actual practice. It is my considered



Only 19 of the 48 states have banks with deposits of \$300 million or more. In addition to our husky deposit increase, we believe bankers will be interested in the following summary of Valley National Bank growth in 1952.

									Dec. 31, 1951	Dec. 31, 1952	% Gain
Deposits					,				\$272,731,259	\$305,104,125	11.8%
Loans & Discounts					٠				131,674,889	138,895,460	5.5
Capital Funds									15,620,140	16,380,803	4.9
Gross Income									11,017,213	12,417,258	12.7
Salaries & Wages									3,645,387	4,298,475	17.9
Other Operating Ex									4,062,242	4,646,417	14.4
Local & Federal Tax	es								1,783,708	1,911,703	7.2
Net Earnings	٠		٠	٠	٠	٠	٠	٠	1,500,323	1,560,663	4.1
Number of Checking	A	cco	บก	ts		٠		٠	101,338	118,514	16.9
Number of Savings	Acc	cou	nts						81,569	91,342	12.0
Total Deposit Accou	nts								182,907	209,856	14.7
Number of Employe	es								1,112	1,184	6.5
Number of Stockhol	de	rs							2,772	3,075	10.9

Valley National Bank now ranks 70th — compared with 77th a year ago.

VALLEY NATIONAL BANK

* THIRTY THREE FRIENDLY CONVENIENT OFFICES IN ARIZONA *

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



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THE FAMILY DOLLAR

EARL S. MacNEILL

Vice-president, Irving Trust Company, New York

Factors in Estate Planning: Economics

Does it seem stuffy or pretentious to talk about economics as a factor in estate planning? But estate planning deals with property—seeks the best use of property to satisfy human needs. And you can't touch property or the use of property without getting all tangled up in economics.

Nor need we think in terms of the millionaire's estate — the kind where the classic "team" of estate planners goes to work—consisting of lawyer, insurance adviser, and trust officer, supplemented sometimes by accountant, investment analyst, and economist; and perhaps, as has been suggested by certain writers, further augmented in appropriate circumstances by the client's pastor, physician, and psychiatrist.

No—in the small estate the need for sound economic thinking is relatively more important. Where there is less to do with, the harder must the inadequate resources work; the more carefully they must be husbanded; there's no margin of error for experimentation or mistakes.

Here's a hypothetical family situation with its roots in ordinary daily life:

Milo Watts, aged 43, is an electrical engineer employed in a supervisory capacity by the Westvania Electric Company. His home is in the suburbs of a medium-sized manufacturing city. Mary is his wife-aged 38. There are three children-12, 10, and 6. Milo's salary is \$15,000 and his year-end bonus averages \$2,000. From savings bank accounts, U. S. Savings Bonds and a few stocks variously acquired (representing "capital," all told, of about \$25,000) Milo receives interest and dividends totaling \$1,000. There's a home in joint names worth \$25,000; this is subject to a mortgage that has been amortized down to \$17,500. Automobile and personal effects might be put at another \$7.500. There's one other substantial asset: \$35,000 of life insurance.

Time was when a man who could leave his widow an estate of \$75,000 would think he was providing for her pretty well. But Milo Watts knows better, for he has been talking to the trust officer of his bank—a fellow bearing no title of "economist" but a pretty practical economist for all that.

THEY figure out what would happen if Milo died today:

The life insurance will produce payments of about \$112 monthly to Mary as long as she lives; and if she dies within 20 years they will continue—until 20 years after Milo's death—to the children.

The income from Milo's miscellany of investments will average about \$85 monthly. All told, an income to Milo's dependents of \$197 monthly.

(It should be mentioned that Milo's company has a pension plan, to which Milo contributes. Death benefit will be the refund of his contributions. This will cover funeral and other expenses—leaving nothing for investment. There will be income to Mary, under the pension plan, only if Milo lives to the retirement age of 65 and elects a survivorship pension.)

Now let's look at what the \$197 monthly will have to pay:

First, mortgage principal and interest payments of \$92 monthly. Taxes, water, utilities, heat, insurance and other maintenance of the home—about \$100 monthly. This leaves \$5 monthly for food and clothing, education, and incidentals. Comes Social Security to the rescue: for the next eight years (taking into consideration the ages of the children) Mary will receive "mother's" benefits of about \$169 monthly; then they'll drop to \$116 for four years more. At that time, the children being all over 18 (and Mary happening then to be 50), all payments to Mary will cease—until she's 65. From then on, she'll receive \$63.75 monthly for the rest of her life.

The facts are streamlined, but they are enough to illustrate how Milo Watts and his family are tangled inextricably in the deceptively transparent web of economics.

Time was, as mentioned earlier, when \$75,000 would have been considered a rather handsome estate. The home and furnishings then would have represented probably no more than \$15,000 of it;

\$3 th and \$60,000 invested in good 6 percent mortgages would have provided the widow with income of \$3,600 annually—enough to live on comfortably in those days. (And the home would have been paid for, too!)

But Milo has been caught between the pressures of high taxes and low money rates. He can't save much after taxes and what he saves can't earn very much—safely.

Not only taxes cut into his saving power. Living costs were never higher. Moreover, in his role as one of the junior managers of the modern-day managed-by-salary business economy, Milo is constrained to live in a manner befitting his occupation. It isn't that Milo and Mary are social climbers. The way they live is part of Milo's job.

Then there's the future to think about. Further inflation of living costs, perhaps—and taxes not much less. Education of the children will be expensive—particularly of the boys, to give them the knowledge and skills that will enable them to hold

their places in the technocracy that expectably may continue to dominate the years ahead.

In the economics of our age, however, a new form of wealth has arisen—a compensatory wealth, born of economic pressures and bringing them to balance. Once wealth was land-farms and tenements; later, more of it was stocks and bonds; now much wealth is life insurance. A gigantic lottery, in a sense, it takes from those who live beyond their normal span to pay generous rewards to those who die young. Through life insurance, Milo Watts can acquire a substantially larger immediate estate. An additional \$50,000 of life insurance would not be beyond his present means; and by combinations that utilize term insurance (to span the next few extra-expensive years) he could make it \$75,000. A total estate of \$150,000, set up so that the maximum marital deduction could be taken, could be made to provide at least adequately for his family—with good planning based on practical economics.

Definitions: "Lawful Issue"

THERE'S an Alice-in-Wonderland quality about much of the language expressing the inexact science of law. Humpty Dumpty's "A word means just what I choose it to mean" has many echoes in the lawbooks.

Take "issue." It means more than "children," which is a dangerous word to use, sometimes. For a man may say in his will: "The residue of my estate to be divided equally among my children." Suppose a child has died, leaving children. Shall these grandchildren of the testator (will-maker) receive the share that would have gone to their parent, if living? Probably not. The oft-stated general rule is that the word "children" does not include grandchildren. Sometimes a contrary intention may be read into the will and given effect—but the intention must be unmistakable.

Therefore the lawyer will usually write "issue" when his client says "children"; for the lawyer is aware that "issue," according to standard law dictionaries, means: "Descendants. All persons who have descended from a common ancestor."

So now our hypothetical will reads, "The residue of my estate to be divided equally among my issue." There still are questions, nevertheless.

Would an illegitimate child, for example, share equally with children born of marriage? Not necessarily. For the dictionaries go on to say: "In a will the word 'issue' may be held to have a more restricted meaning, to carry out the testator's intention.

"Thus it has been held that a bequest to 'issue' means prima facie legitimate issue." So again a contrary intent may be read into the will. Hence

the exact phrase "lawful issue" is frequently used.

Then how about adopted children? For purposes of inheritance, adopted children generally are treated like natural children. State laws vary and the court decisions under these laws dash off—like Stephen Leacock's remarkable horseman—"madly in all directions." Recently there was a case in the New York Court of Appeals where the question was whether an adopted child was "issue" to whom a share of principal should go upon termination of a trust created by will. The court said that the meaning of "issue" and of "descendants" could not be decided "in vacuo"; but that the words must be construed in "the context of the entire instrument and the background of facts and circumstances existing when the will was made."

So we're back to Humpty Dumpty, every time. Words meant what the testator chose them to mean . . . but what *did* he choose to mean?

There's a three-part solution: Clear thinking on the part of the testator and his attorney; anticipation of all reasonable contingencies—and probably many not so reasonable, and, finally, the most accurate choice of words.

THIS DEPARTMENT is addressed not only to bank personnel but to directors, and to the wives and families of both. Included in this section are short articles relating to estate planning and trust services, to economics and investments, and to taxes that affect the family.

It is hoped that these pages comprise a section of BANKING that you will want to take home for family reading.

Tax Hint-of-the-Month

Any "tax hint" on or about March 15 is bound to have some implication of futility—some aspect of "locking the barn door after the horse has been stolen." It's too late.

Not too late, though, to plan for next year. Fine resolutions will be made. There'll be better book-keeping, each one promises himself, so that the tedium of wading through checkbooks, brokers' bills, and stray memoranda of deductible expenses may be avoided. Unfortunately, the resolutions don't last very long.

Every year banks gain new custodian accounts—some banks call them agency accounts—from customers who have sworn "No bookkeeping again!"

They are men—or women—who have had a particularly annoying time with unusual corporate distributions—how much was principal and how much income—"Why can't dividends just be dividends, like in the good old days?" Or they have sold some bonds or stocks, and the costs have been confused by recapitalizations or stock dividends. Or cost data has been lost in a limbo of old bills and bravely begun memorandum books. There have been cases, most annoying of all, where inability to trace the identity of a particular certificate sold has prevented taking profitable exception to the "first-in-first-out" rule—so a higher tax than need be has been paid.

The particulars of custodian service need not be

detailed here. Your own bank will be happy to explain them and the explanation will have the advantage of conformity with its own special practices. In general, it is a service of active safekeeping. The securities are kept in the bank's own vault under the same safeguards that protect the bank's own securities. Income is collected and remittedor deposited to the customer's account. Sales and purchases are made upon the customer's instruction; and every detail is attended to, from the first telephoned order to the broker right through to paying—or receiving payment—for the securities received or delivered. Rights are exercised or sold -as the customer wishes; and everything is done that should be done in connection with conversions and reorganizations.

But at income tax time it is the punctilious accounting discipline of the bank that has particular appeal. All the data needed for preparing tax returns will be found in the bank's records—and they're permanent records. Moreover, most banks operating custodian accounts for their customers offer the additional service known usually as a "tax letter." Sent to the customer as soon as possible after the end of the year, it furnishes all the figures that relate to investments: interest and dividend income, deductions applicable to investments, and schedules of capital gains and losses. All ready to put into the return.

Then, if there's an audit, such a customer says to the man from the Bureau of Internal Revenue: "See my bank!"

A Good Kind of Home

The direct costs of educating children are high enough, but they aren't a penny to the indirect costs. If you have children and want them to grow up to be useful and happy people, your household will not be an inexpensive household to operate. Extra expenses will begin to show up even before the children are born, and other expenses will continue to appear year after year. You will pay attention to diet, to health, to teeth; you will be interested in a pleasant home for your children, in a happy relationship with your community. You will be anxious for happy recreation patterns and conscious of your family's spiritual needs.

"This kind of home is a pretty good kind of home to have. It makes no difference at all whether it is the least expensive way to keep three or four or five people alive through the years. It is the kind of home which most of us in America want. . . .

"The most important thing about our living costs, and about all our other costs, is the kind of life we are buying with our money and our savings. If we are buying family happiness and long-term family security, our system of money management

is a good one. If we aren't, we need to sit down together—everybody in the family—and work out a new plan for handling our money."—MARION STEVENS EBERLY, director, Women's Division, Institute of Life Insurance, New York, in "A Discussion of Family Money."



"After Melvin paid our tax, I couldn't afford a hat, so I made one out of an income tax blank."



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Better Bank Public Relations by Mail

Make the Most of X-Million Opportunities for Better Letter Relations

WILLIAM H. BUTTERFIELD

With this article we conclude Mr. Butterfield's series on "Better Bank Public Relations by Mail."

Banking wishes to thank once again the many readers who have shown their interest in these articles by sending copies of their own public relations letters for Mr. Butterfield's comment and analysis. This cooperation on the part of Banking readers has contributed much to the value of the series.

Instalment Loan Letter

The friendly "human" letters of R. B. Boutwell, Jr., are doing a remarkable job for the instalment finance department of the American National Bank & Trust Company, Mobile, Alabama. Mr. Boutwell has developed a series of six letters for mailing to customers of this department. The series begins three months before instalment loan payments are completed, and it continues at intervals until six months after the final payment.

In returning to the bank to arrange further loans, many customers bring one of Mr. Boutwell's letters with them, and other patrons mention that his letters have made them feel free to ask further assistance from the bank. Although space limitations make it impossible to present the complete series, the following example shows the informal, cordial style that Mr. Boutwell uses so effectively:

Dear Mr. Wharton:

It is a pleasure to enclose your contract marked "paid in full." Your promptness is to be complimented, and we want you to know that we appreciate your business.

Please remember that your connection with this bank can be of real value to you in the future. To mention just a couple of ways:

Your credit is now established with the American National. Whenever you need to borrow, you will get prompt action here.

You may also find it helpful to use the American National as a reference for credit, or with a future employer. Please feel free to do so.

Whenever you want to call upon us for service, please ask for me personally. Don't forget—the American Na-

tional is YOUR bank, and we look forward to serving you again.

Cordially,

The Surprise Anniversary Letter

One of the most effective goodwill letters ever used by the Somerville National Bank, Somerville, Massachusetts, is the following "tenth anniversary" letter signed by Clarence G. McDavitt, Jr., president:

Dear Mr. Evans:

We are sharing an anniversary.

The occasion? Exactly ten years ago today you opened your checking account at the Somerville National Bank.

We take genuine pride in your loyalty to this bank, and hope that the business relationship of the past decade has been as pleasant to you as it has been to us.

All of us at Somerville National appreciate your patronage. We shall make every effort to deserve its continuance, so that we may celebrate many more anniversaries together.

Yours sincerely.

Welcome to Newcomers

The following letter is used by Estil Vance, president, The Fort Worth National Bank, Fort Worth, Texas, to welcome newcomers to the community. The message also invites its recipients to visit the bank and make use of its services:

Dear Mr. Watson:

We join with the people and business firms of Fort Worth in extending to you a cordial welcome to our city.

You will be interested to know that Fort Worth was founded in 1849 and that The Fort Worth National—one of the largest and oldest banks in Texas—was established in 1873. From a frontier trading post, our city has developed into a modern metropolitan center. Since pioneer days our bank has been helping to build a greater Fort Worth and Southwest.

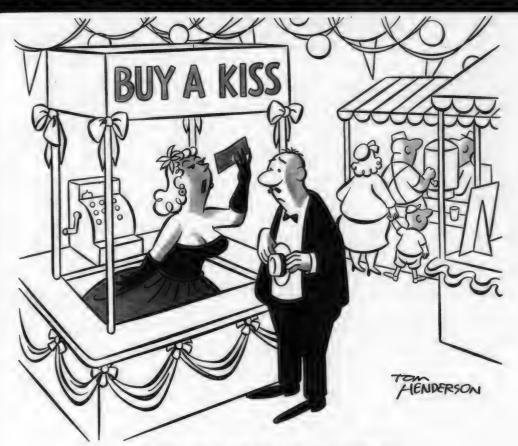
You are invited to visit the bank, centrally located at Seventh and Main Streets, and to use our parking garage at 711 Commerce. We look forward to an opportunity to assist you in your banking needs.

Cordially yours,

Thanks for New Account

New customers of the Lincoln National Bank and Trust Company, Fort Wayne, Indiana, receive this (CONTINUED ON PAGE 74)

INSTANTLY ACCEPTED... WITH NO QUESTIONS ASKED!



"I won't risk a kiss on this . . . it's not an American Express Travelers Cheque."

Romance aside, the cold fact is that American Express Travelers Cheques are easier to cash, in more places, than any other travelers cheque. And with good reason, too!

More than 60 years of service, backed by vigorous national advertising and promotion, have made American Express Travelers Cheques the *best-known* cheques by far . . . instantly accepted in a million places.

In travelers cheques, that difference in acceptability is the big difference—the wide margin that separates the best from "almost as good" for your customers.

Traveling customers count on your bank to make them feel at home away from home. Give them top value for their purchase price with American Express Travelers Cheques—the best travelers cheque service in the world!

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Safety plus Service no other cheques can offer!

March 1953

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cordial note of thanks from Charles H. Buesching, president:

Dear Mr. Myers:

Thank you for the account you have just opened with Lincoln National Bank and Trust Company. Your business is appreciated and we want you to know it.

We believe that you will like the quality of our banking service, and will want to tell your friends about it. It will be a pleasure to serve you, and them, in any sound banking way.

Cordially yours,

On Completing A.I.B. Course

Carl K. Withers, president, Lincoln National Bank, Newark, New Jersey, wrote the following letter to an employee who had successfully completed a course offered by the American Institute of Banking. Such letters of encouragement to members of the bank personnel help to develop initiative and promote better employee relations:

My dear John:

Mr. Jones, executive secretary of Essex County Chapter, American Institute of Banking, has reported to me the passing grade you received as the result of your studies in Business Law during the past semester. Congratulations on this fine accomplishment!

In these days of so many outside activities, it is most heartening to hear of members of "The Lincoln Family" who are working to increase their knowledge of banking through study courses on their own time.

You may be sure that careful note of your achievement has been made in the personnel records of the bank, and will receive proper consideration when opportunity for advancement may come along.

Sincerely,

On Graduating from College

Graduating college seniors whose homes are in Tulsa, Oklahoma, receive the following congratulatory letter from A. E. Bradshaw, president, National Bank of Tulsa. This letter is proving effective not only in building goodwill, but also in building new business for the bank:

Dear Mr. Barton:

Congratulations upon your graduation! The successful completion of your work at the University is a good indication that you will get ahead in life.

If you have not already done so, it will be to your advantage to develop a banking connection early in your domestic and business life. You can start by opening a savings account or a checking account. Then, whatever career you choose, your banker and the facilities within his reach will be ready to assist you in many ways.

National Bank of Tulsa wishes you a bright future, and we shall welcome a chance to serve you toward this end. Our many services, described in the enclosed folder, will contribute to your success. We cordially invite you to make use of them.

Sincerely yours,

The Paid Off Loan

When an instalment loan is paid off, the Texas Bank & Trust Company, Dallas, mails the following letter to

the customer. The message is signed by the officer w_{h0} handled the loan:

Dear Mr. Smith:

Enclosed is your note for \$654.00 stamped paid, your certificate of title with the lien properly released, the chattel mortgage indicating that the obligation has been satisfied, and your insurance policy.

It has been a pleasure to serve you, and we appreciate the splendid manner in which you have handled this obligation.

Since you have formed the habit of putting away a certain amount each month to retire this note, why not continue this habit in a Systematic Savings Plan that will work to your advantage? You will be earning interest and building for your future.

Most people find that they save more—and do it faster—with a Systematic Savings Plan such as our "Buy \$1,000" and "Buy \$500" plans, described in the enclosed folder. If you would like more information about Systematic Savings or any of our banking services, please come in and visit with us.

Sincerely yours,

For New Checking Accounts

New checking account customers of The Bank of Georgia, Atlanta, receive the following letter from Joseph E. Birnie, president. This message of appreciation has proved an effective goodwill builder:

Dear Mr. Malloy:

By opening a checking account with The Bank of Georgia, you have shown confidence in us which we sincerely appreciate. You can count on us to express our thanks by giving you the best in courteous, efficient banking service.

Please always feel free to call on us for assistance, not only concerning your account, but in providing any other banking facilities that you may need. The enclosed leaflet lists our principal services for your convenience. We want you to regard this as your bank and to feel completely at home in it.

We look forward with pleasure to serving you at The Bank of Georgia. Please call on us whenever we can do anything to make your banking more pleasant and convenient.

Sincerely yours,

(END)

"The bank called today and I thought we were overdrawn again . . . it was only something about foreclosing our mortgage"





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BANK LAW NEWS

Saturday Closing—Trust Receipts—Safe Deposit

TRUST RECEIPTS

On the Importance of Identifying Borrowing Corporations by Their Proper Names

Financing institutions which lend on the security of trust receipts had best take care to see that the statements of trust receipts financing filed in accordance with the Uniform Trust Receipts Act are accurately executed, for a recent decision of the Supreme Judicial Court of Massachusetts indicates that failure to be precise may result in the loss of one's lien.

Plaintiff in the case before the court had entered into a financing arrangement with a borrower, E. R. Millen Co., Inc., and publicly filed a statement of trust receipts financing setting forth that it "is or expects to be engaged in financing under trust receipt transactions, the acquisitions by the trustee, E. R. Millen Company. . . ." The statement was signed by plaintiff, as entruster, and by "E. R. Millen, Trustee."

Under this financing arrangement 13 trust receipts were issued, five being signed, "E. R. Millen Co., Inc." and eight, "E. R. Millen Co." Thereafter, E. R. Millen Co., Inc. assigned to defendant, for the benefit of creditors, all of its assets, including equipment covered by the 13 trust receipts. Defendant then sold the equipment, and plaintiff sued for a judgment declaring its rights to the proceeds of the sale.

The court, conceding that its rule was harsh, held that the statement of trust receipts financing was invalid insofar as third persons were concerned, because the trustee's name was given therein as "E. R. Millen Co." and because it was signed "E. R. Millen, Trustee," neither of which names was the proper name of the corporation. Thus the filed statement did not give constructive notice of plaintiff's lien to defendant, a third person, and, accord-

ingly, plaintiff had no lien on the equipment and thus no preferred claim to the proceeds of its sale.

Speaking of the Uniform Trust Receipts Act, the court said: "This . . . is a uniform law. No pertinent decision on the present point has come to our attention. But it cannot be doubted that the statute must be construed in a way that will tend to uniform decisions in the several States. Any relaxation in strict interpretation tends, in a given case, to carry in the opposite direction and, for future cases, to open the door wider to still other variations. . . . After all, there is no hardship for an entruster to see that the statutory requirements are met and the documents accurately executed."

The court did hold that as between plaintiff and E. R. Millen, Co., Inc., the 13 trust receipt transactions were not invalid, under the common law of contracts, even as to the eight receipts that had been signed, "E. R. Millen Co." It is not necessary, the court pointed out, that a person or corporation sign its name in one particular form only, in order to enter into a valid and binding contract. General Motors Corp. v. Haley, 109 N.E.2d 143.

STATE AUDITOR'S WARRANTS

Being Conditional Orders to Pay Money, They Are Not Negotiable Instruments

An Illinois state auditor's warrant is not a negotiable instrument and, thus, the provisions of the negotiable instruments law that paper knowingly drawn to the order of a fictitious payee is bearer paper are not applicable to them, the Illinois Supreme Court has held.

One Gibbs was indicted on divers and sundry counts involving the irregular use of auditor's warrants. One count alleged that he had forged the name of a fictitious payee as an endorsement upon a warrant. In defense, he argued that since \$9(3) of the Negotiable Instruments Law provides that "An instrument is payable to bearer when it is payable to the order of a fictitious person and such fact was known to the person making it so payable," the warrant in question was rendered bearer paper and, consequently, that the endorsement thereon was legally superfluous and he was not guilty of forgery.

The court did not agree. The fallacy in Gibb's argument, it said, lay in his assumption that the warrants were negotiable instruments. To be negotiable, an instrument payable in money must contain an unconditional promise or order to pay a sum certain in money. A state auditor's warrant is an order upon the state treasurer to pay out of a particular fund such monies as might happen to be in the treasury and not otherwise appropriated. It is not an order to pay absolutely or in any event and, thus, it is not a negotiable instrument and is not covered by the negotiable instruments law, the

The fact that auditor's warrants often do pass as negotiable paper and are treated as such does not make them negotiable, the court added. People v. Gibbs, 108 N.E.2d 446

TRUSTS

New Prudent Man Investment Statute Held Constitutional, as Applied to Existing Trusts.

New Jersey's "40 Percent Prudent Man" trust investment statute which, since 1951, has permitted trustees to place not more than 40 percent of the principle of a trust in "nonlegal" investments, is not unconstitutional merely because it applies to trusts created before its enactment, as well as to those since

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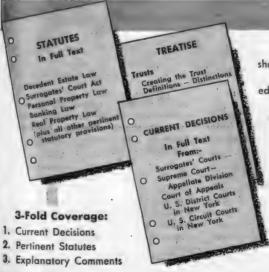
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Now . . at last, a living encyclopedia of the law of trusts, wills, estates, descent, distribution, and corporate fiduciaries — for the Empire State.

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Best of all, swift regular Reports of unfolding new developments hurry to subscribers every twist and turn of the law, of significance and interest to those concerned with this highly-specialized field. And not only does this swift, accurate reporting encompass full texts of new and relevant New York laws, but includes as well all pertinent decisions from the Surrogates' Courts, Appellate Divisions of the Supreme Court, Court of Appeals, and the U. S. District and Circuit Courts in New York State, all promptly reported in full text as handed down.



Throughout, illustrative editorial comment brings into sharp focus all trust and estate laws covered. Set forth for each subject covered is the New York rule as developed by New York cases. Everything is presented in clear-cut style, completely annotated, and all organized for split-second use. Thorough-going Indexes and Case Tables are constantly up to the minute, to provide instant access to all statutes, all court decisions and case annotations.

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created, New Jersey's Supreme Court has held.

The statute recognizes that a trustee's investment powers are controlled in the first instance by the instrument creating his trust and, other than expanding the types of investments which he may make when not otherwise restricted by the trust agreement, it neither effects any change in his rights or obligations nor, so far as pre-existing trusts are concerned, impairs any obligation of contract nor interferes with any vested right or legal remedy, the court held. Fidelity Union Trust Company v. Price, 93 A.2d 321.

TRAVELERS CHECKS

A TRAVELER'S check which has been signed and countersigned by the purchaser, without naming any payee, is a negotiable instrument which "may be regarded as having been endorsed in blank and rendered subject to negotiation by delivery," and it must be honored by the is-

suer when presented by a holder in due course, the Municipal Court of Appeals for the District of Columbia has held. The fact that the purchaser has not filled in the name of any payee does not render the instrument incomplete as to a subsequent holder for value, and an attempt by the purchaser to stop payment after the check has been placed in circulation is ineffectual as to such a holder, the court added. The decision meant that the original purchaser of \$3,000 worth of checks which were lost or stolen and later paid by the issuer to a holder for value could not recover their amount from the issuer. In the course of its decision, the court also held that there was no fiduciary relationship between the issuer and the purchaser, that the sale of the checks was a transaction "purely contractual" in nature, governed by the negotiable instruments law, and that the issuer, after receiving notice of the loss of the checks, had no duty to circularize its agencies with notices to stop payment because it

"could hardly have been expected to reach and cover every possible bank, steamship, hotel and other business establishment to forestall negotiation." Emerson v. American Express Co., 90 A.2d 236.

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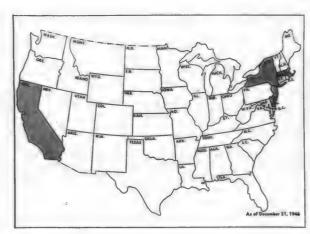
SAFE DEPOSIT

Bank Becomes "Gratuitous Bailee" of Money "Mislaid" in Safe Deposit Area,

A BANK which operates a safe deposit vault in which money is "found," and not the customer who "found" it, is entitled to possession of the money, it has been held by New York City's Municipal Court.

The money in question, a one-hundred dollar bill, was enclosed in an advertising folder on a shelf in a booth in an area of the bank restricted to officers and safe deposit customers. The customer who found it and turned it over to the bank later contended that since the rightful owner had not appeared to claim it, she was entitled to it as a finder of lost property. The bank, on the other hand, contended that the money constituted mislaid property

The Growth of Saturday Bank Closing





The shaded areas in the above maps indicate, as of the end of 1946, and as of the end of 1952, the states which had some form of legislation permitting banks to close on Saturdays if they so desired.

As the maps show, permissive Saturday closing has spread from six states to 37 states, Alaska and Canada in the space of six years. Enabling legislation now exists in all states except *Idaho*, *Mississippi*, Montana, Nevada, New Mexico, North Carolina, North Dakota, South Carolina, South Dakota, Texas, West Virginia and Wyoming.

However, not every bank may close on Saturdays in every state. In some states, enabling legislation applies to certain cities or counties only: Florida, Louisiana, Maryland, Minnesota, Oklahoma, and Virginia.

In addition, in some states banks may close on some weekday other than Saturday, if they so desire: Alabama, Arizona, Arkansas, Georgia, Illinois, Indiana, Kansas, Kentucky, Missouri, Ohio, Oklahoma. Tennessee and Vermont.

A PAMPHLET summarizing in greater detail the provisions of all five-day week laws may be obtained from the Secretary of the Committee on State Legislation of the American Bankers Association.

and, thus, that the finder could never acquire title to it. The court agreed with the bank.

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Due to the restricted nature of the area where the customer found the bill, said the court, the bank was "in possession" of the bill. A finder of property in such an area has the duty to hand it over to the proprietor, who thereupon becomes charged with the duty to exercise ordinary care in holding it, indefinitely if necessary, for delivery to the owner, the court held. In such cases, the court said, a bank becomes "a gratuitous bailee of the mislaid property once it has knowledge of the property."

The court distinguished an earlier New York case wherein property found by a safe deposit customer was held to be "lost" rather than "mislaid," on the grounds that in that case the property was found in a booth outside of the safe deposit vault and accessible to ordinary customers of the bank, and was found on the floor of the booth and "not on any table or other normal resting place."

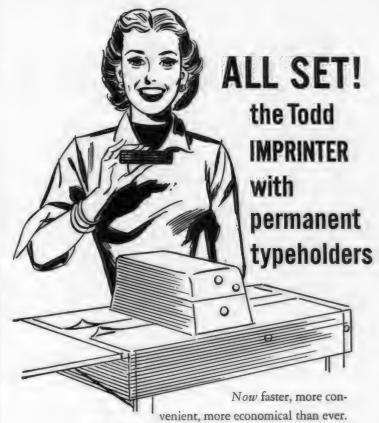
The court's statement about "gratuitous bailments" is interesting in the light of the case of Veihelmann v. Manufacturers Safe Deposit Co., 104 N.E.2d 888, reported here in July 1952, wherein New York's highest court held the defendant liable for money which allegedly disappeared from a customer's safe deposit box, over its protest that it was not a bailee of property in the box since it had no knowledge of what was contained therein. Dolitsky v. Dollar Savings Bank, N.Y.C. Munic. Court, Bronx, Dec. 16, 1952. JOHN RENÉ VINCENS

The Government seems to believe there is a taxpayer born every minute.

Since licenses are required now for gambling, even the wages of sin are subject to tax.

When you know nothing but good about a person, it's more fun to talk about someone else.

We suppose Adlai Stevenson chuckles when he thinks about the mess he didn't get into.



Fast and easy to use—the Todd Imprinter's new permanent typeholders click on and off with the flip of a finger. They cut operating time in half, too.

The operator sets type *once*, when a new account is opened—and the typeholder is filed away alphabetically, ready for immediate use whenever a depositor wants a new checkbook. In actual tests in banks, these typeholders have proved their dependability.

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To get the facts about the Todd Imprinter—and the new permanent typeholders designed especially for it—mail the coupon.

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lodd				
COMPANY, INC.	Name			
Todd	Address			
ROCHESTER NEW YORK ALES OFFICES IN PRINCIPAL CITIES	City ZoneState			
ISTRIBUTORS THROUGHOUT THE WORLD	By			

Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING'S staff.

Human Interest

Human interest stories of banking are being sought by the Committee on Public Information of the New York State Bankers Association. What the committee means is, for example, the story of the bank that financed a pair of roller skates for Junior, or the loan of \$350 a few years ago to a pipe organ company to build a gadget that has since become important in national defense.

This is all part of a contemplated program for merchandising commercial bank services.

Pennsylvania

The 1953 summer school of the Pennsylvania Bankers Association will be held at Pennsylvania State College during the week of August 23 to 28, according to T. Allen Glenn, Jr., director of the school and president of the Peoples National Bank of Norristown. The agricultural course and the standard course have been merged this year into one curriculum that will be of interest to all students at the school.

In six months, the textbook, Your

Bank (described in this column last September), has become one of the most widely used publications in the Pennsylvania educational system. The book, written by Dr. George L. Leffler, professor of finance, Pennsylvania State College, and published by the PBA, has a current circulation of more than 28,000 copies. More than 1,000 copies are in use in banks, libraries, and other organizations outside of Pennsylvania.

The first statewide meeting of county bankers association officers in the PBA's history was held in Harrisburg in January.

The county association officers met to discuss common problems and to exchange ideas on how to develop and manage a strong, healthy association at the county level. More than 60 Pennsylvania bankers, representing 26 of the 37 county associations in the state, attended the novel meeting.

An advance questionnaire was circulated among the county organizations to determine the agenda for the conference, with 32 associations outlining specific items for discussion.

The county officers exchanged information on the subjects of: fiscal year dates, number and type of meetings, budgets, dues, entertainment programs, speakers, public re-

lations programs, audits and controls, and county action on direct return of unpaid items. They also discussed the experiences of county association policies on interest rates, service charges, and Saturday closings.

The resignation of Carl K. Dellmuth as secretary of the Pennsylvania Bankers Association, effective June 30, 1953, has been announced by PBA President George C. Rutledge. Mr. Rutledge stated that Mr. Dellmuth's resignation had been reluctantly accepted by the PBA Executive Committee so that he could accept an appointment as vice-president of Fidelity-Philadelphia Trust Co., Philadelphia.

Nelson Retires

On February 1, Harry M. Nelson retired as executive manager of the SAVINGS BANKS ASSOCIATION OF MAINE, after a term of nearly 28 years.

Charles G. Carswell, formerly with the Metropolitan Life Insurance Company, succeeds him.

Pacific Coast School

H. J. MENDON, vice-president, California Bank, Los Angeles, and chairman of the board of the Pacific Coast Banking School, has announced completion of plans for the inauguration of a trust division for the school. Victor R. Graves, vice-president and trust officer, Peoples National Bank of Washington, Seattle, has been named its educational director.

Four trust instructors of national renown have accepted faculty appointments:

Gilbert T. Stephenson, formerly director of trust research of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, will handle the course on trust busi-

(CONTINUED ON PAGE 82)



At the Eastern Secretaries Conference, left to right, A.B.A. President W. Harold Brenton, Paul W. Albright, general secretary of the Savings Banks Association of the State of New York, and A.B.A. Deputy Manager William T. Wilson, secretary of the State Association Section. William K. Mendenhall, secretary, New Jersey Bankers Association, is the newly elected president of

the Conference

MILLIONS OF DOLLARS

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Defense Production Administration's Reports Show-

Pennsylvania leads all other states in Defense Plant Construction



What this means to you

The millions of new capital being poured into plants in Pennsylvania is the best evidence that this state is a fine place to do business. We are sure your customers will find it equally fine for one of their branch plants. We will be glad to help you or your customers to gather facts on sites, markets, labor supplies, raw materials, taxes, etc.

commonwealth of Pennsylvania department of commerce

Harrisburg, Pennsylvania

John S. Fine, Governor

Andrew J. Sordoni, Secretary of Commerce

March 1953

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ness; Robert N. Alton, vice-president and senior trust officer, United States National Bank of Portland, Oregon, will teach the course on "trust development and the human relations aspect"; Walter L. Nossaman, attorney-at-law, Los Angeles, will conduct the course on trust law and trust taxation; J. A. Ducournau, vice-president of Wells Fargo Bank and Union Trust Company, San Francisco, will handle the course on trust asset management.

The 1953 trust division session will be held simultaneously with the long established commercial division of the Pacific Coast Banking School at the University of Washington in Seattle, August 24 through September 4.

Taxation

Two booklets on bank taxation have been published by the MISSOURI BANKERS ASSOCIATION. Their titles are Taxation of Banks—the Controversy over Proposed Amendments to Sec. 5219, and Memorandum on the History of and Proposed Amendments to Sec. 5219. The first was prepared by Robert Neill, counsel for the Missouri Bankers Association, and the second by Charles Calflin Allen, attorney for the St. Louis Clearing House Association.

Fraud Questionnaire

The chairman of the board of directors of every bank in the U. S. is being reached by the NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS through a special audit questionnaire concerned with the problem of fraud.

The association is requesting the cooperation of the board chairmen and all other persons and organizations vitally concerned with this problem to help get a copy of the questionnaire into the hands of every bank director in the country. This is another campaign in the association's war on bank fraud.

The booklet, entitled Mr. Bank Director/Trustee, covers the hazards of fraud and the alarming inroads it has made into banking in recent years. With dramatic emphasis, it points a warning finger at the director with the statement: "This problem is yours, for the very obvious reason that only you can install and

enforce the necessary safeguards in your bank."

In the booklet, NABAC offers assistance to directors so they can apply tested principles to their banks and determine the thoroughness of their internal control program and the extent to which they are discharging their responsibilities as directors. This is done through a detailed list of questions covering board functions, internal controls, internal auditing, and management policies.

Information on the NABAC antifraud material and publications, including the anti-fraud kits, described here last month, may be had from the association's headquarters, Suite 762, 38 South Dearborn Street, Chicago 3, Illinois.

Tax Calendar

A BANK tax calendar has been published by the OHIO BANKERS ASSOCIATION

Designed to give all Ohio banks a ready reminder of the many dates upon which returns or tax payments are due, the new calendar is unusually convenient in form.

It is printed on a single sheet of light card, cut in the shape of a regular file folder, the raised tab of which carries the title "Calendar—Ohio Bank Taxes." It can be inserted in the tax file of a bank and the tab is in constant view for ready reference.

The calendar lists the dates on which reports or payments are due, gives a brief description of each item, and tells whether it applies to a state or national bank.

Iowa Audits

Louis Nussbaum, president of the Iowa Society of Certified Public Accountants, has announced that the society expects soon to begin special training for its members in bank audit work. The project is part of a plan sponsored jointly by the society and the Iowa Bankers Association to help Iowa banks that do not yet have adequate audit programs.

President Harry S. Lekwa of the Iowa Bankers Association, commenting on Mr. Nussbaum's statement said: "The Iowa Bankers Association for some time has encouraged still better audit programs and internal controls for Iowa

banks. If our financial institutions are to maintain their position of leadership throughout the nation, they must keep up with techniques and developments that will add to the efficiency of their operations.

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"The proposed program of the Iowa Society of Certified Public Accountants should make the services of auditors skilled in bank accounting procedures available to every bank in the state. We hope, furthermore, that the cooperative experience in Iowa will stimulate other state associations to undertake similar efforts."

Audit Manual

A MANUAL giving a detailed outline for a minimum bank audit and pointing out the advisability of an external audit by an independent public accountant has just been published by the Pennsylvania Bankers Association.

The manual, entitled Minimum Scope of External Bank Audits by Independent Public Accountants, was prepared as a joint effort by the PBA Procedures and Practices Committee and a special committee of the Pennsylvania Institute of Certified Public Accountants. It is now being distributed to all PBA member banks and to members of the institute.

The manual lists procedures for auditing the commercial department, the trust department, and the bank in general. It is a sequel to Audit Safeguards and Internal Controls, which was published by the PBA Procedures and Practices Committee in January 1952. The earlier manual outlined recommended procedure for eliminating bank defalcations.

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THE Public Relations School at Princeton University has had a total of 285 students since its start in 1950, it was announced when the 1953 session was held in mid-February.

The New Jersey Bankers Asso-CIATION started the school to provide bank officials with a better basic understanding and appreciation of public, customer, and personnel relations problems.

The courses of instruction are financial advertising, public and personnel relations, psychology in public relations, publicity and press relations, customer relations, group participation and leadership, community relations, and staff training.

Audit Program

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Auditors and comptrollers of the nation's 529 mutual savings banks met in Philadelphia for a conference on operations, audit, and control on February 18, 19 and 20. The savings bankers discussed the latest developments in operating techniques, audit, and control of the mortgage pertfolio, punched card accounting for banking floor operations, audit program for banks with full-time auditors, employee relations, and operational and audit aspects of Federal taxation.

Richard A. Booth, vice-president of the National Association of Mutual Savings Banks and president, Springfield Institution for Savings, Springfield, Massachusetts, welcomed the bankers at the opening session.

Consumer Banking

HE second resident session of the SCHOOL OF CONSUMER BANKING WILL be held at Charlottesville, Virginia, August 9-21, 1953, it has been announced by Hartwell F. Taylor, director of the school, which was inaugurated last summer under the sponsorship of the Consumer Bank-ERS ASSOCIATION in cooperation with the University of Virginia. Fortyfive persons from 24 states enrolled as students for the first session to study the specialized course which is offered to bankers who are interested in instalment lending, consumer banking, and related fields.

The school program consists of three resident periods at the University with students required to complete monthly problems during the interim periods. An original thesis on some field of consumer banking is required for graduation.

Mortgage Bankers

SAMUEL E. NEEL, who has been Washington counsel of THE MORTGAGE BANKERS ASSOCIATION OF AMERICA since he joined the organization six years ago, has been named general counsel to succeed Miller B. Pennell of Cleveland, resigned, Brown L. Whatley, association president, has announced. Mr. Neel will continue to make his headquarters in Washington. (END)



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"Our recommendation for Localnews Dailies stems from the fact we have had so many successes, building bank business, through the use of Localnews Dailies alone."

- Arthur Livingston



ARTHUR LIVINGSTON
Author, Nation's Business
Index
"Where Business Stands
Nationally"



WILLIAM KOSTER Authority on Bank Advertising

"In two years' time we multiplied the net income of the Consumer Credit Department of one of our banks five-fold by inserting one

one of our banks five-fold by inserting one ad of 20" weekly, with a 40" insertion every fourth week."

- William Koster

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Mrs. Virginia M. Shepherd. Annandale, Va.



Mrs. Kathryn G. Carter, Newark, Ohio



Mrs. M. C. Larson, Minneapolis, Minn.



Mr. F. William Rugg, Seaford, Delaware

414 Winners For The Best Letters On "HOW CHRISTMAS CLUB AND FINANCIAL INSTITUTIONS HELP ME TO OBTAIN FINANCIAL SECURITY"

The periodic Herbert F. Rawll Memor-

ial Awards competitions are a part of

the unceasing campaign by Christmas

Club, A Corporation, to create better

public understanding of financial insti-

The competitions are typical examples of our constant cooperation with the institutions we serve. Our

goal is to help people to help them-

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systematic savings and by greater use

of the many financial services you offer.

tutions.

1. Fourteen years ago, with Christmas Club savings Mrs. Shepherd cestablished a Club savings Mrs. Shepherd Christmas Club savings and bank buildings, who can be compared to the control of the control o

2. Because of a personal knowledge of a case of cerebral palsy, mentally retarded and partially blind child, Mrs. she could carter dreamed that some day the could start a school for such children to develop the manufacture of the manufacture of the could children to the could be co

3. Mrs. Larson's widowed mother long treamed of her own apron factory which would support her six children. Christmas follow funds plus a loan from her opacition factory grew and prospered. The factory grew and prospered, which can be considered to the prospered of the prospered of the prospered of the prospered of the factory, and is now retired, ent, sold the factory, and is now retired.

4. Mr. Rugg began repairing musical in-struments as a hobby. Pleased friends swamped him with orders which he was swamped him with orders which he was punable to fulfil without additional equip-unable to fulfil without additional equip-ment. He was able to purchase this equip-ment with Christmas Club savings, and with a bank lannent of this own business toward establishment of his own business and personal independence.

Financial Institutions Using The Services Of Christmas Club, A Corporation, Are Institutions That Grow.

Names of ten \$100 winners printed below:

- · Nilah Brooking, Albany, Ind. Christmas Club Member at Albany State Bank and Trust Company, Albany, Ind.
- Mayme W. Long, Syracuse, Ind. Christmas Club Member at Salem Bank and Trust Company, Goshen, Ind.
- Thurlow Mac Brayne, Seekonk, Mass. Christmas Club Member at The Providence Union National Bank, Providence,
- · Mrs. Doll O'Hearn, Columbia, Mo. Christmas Club Member at Columbia Savings Bank, Columbia, Mo.
- . Mrs. Erwin L. Ruff, Woodstock, N. Y. Christmas Club Member at The Bank of Orange County, Woodstock, N. Y. Mrs. Ethel T. Weeks, Youngstown, N. Y. Christmas Club Member at Manufacturers & Traders Trust Company, Niagara Falls, N. Y.
- · Miss Amy E. King, Columbus 1, Ohio. Christmas Club Member at The Ohio National Bank, Columbus, Ohio
- Mrs. Anna Sterzinar, Zanesville, Ohio. Christmas Club Member at Mutual Federal Savings & Loan Association, Zanesville, Ohio
- · John E. S. Bransford, Lewisburg, W. Va. Christmas Club Member at Greenbrier Valley Bank, Lewisburg, W. Va. Phyllis G. Zilver, The Netherlands. Christmas Club Member at Century Federal Savings & Loan Association, Forest Hills, N. Y.

Names of 400 additional winners of from \$5 to \$50 supplied on request.

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PROMOTING BETTER PUBLIC UNDERSTANDING OF FINANCIAL SERVICES

BANKING NEWS

Seven New Faculty Members, Four Special Lecturers Named for G.S.B. Summer Session by Dr. Harold Stonier

Seven new faculty members and four new special lecturers have been named for The Graduate School of Banking's summer session next June, according to Dr. Harold Stonier, director of the School. This year's summer session, to be held on the Rutgers University campus, New Brunswick, N. J., June 8 through June 20, will be attended by

over 1,000 bank officers.

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The seven new faculty members are E. Sherman Adams, deputy manager in charge of the A.B.A.'s Department of Monetary Policy, New York; Charles A. Agemian, vice - president and comptroller, Bank of the Manhattan Co., New York; Miles L. Colean, consultant on construction and building finance, Washington, D. C.; Charles W. Eliason, Jr., vice-president and trust officer, Commercial National Bank of Peoria, Ill.; Harry Held, vice-president, The Bowery Savings Bank, New York; Wm. H. Scheick, executive director, Building Research Advisory Board, National Research Council, Washington, D. C .; and Edward A. Wayne, vice-president, Federal Reserve Bank of Richmond,

Dr. Adams will lecture to economics classes at the School, Mr. Eliason to investments classes, Mr. Agemian and Mr. Wayne to commercial banking classes, and the other three men to savings management classes.

Special Lecturers

The four new special lecturers are Robert L. Knight, vice-president and trust officer, The Ohio Citizens Trust Co., Toledo, who will speak on "Insurance in Estate Planning"; George L. Perin, vice-president, The First Boston Corporation, New York, who will speak on "Security Underwriting"; John J. Roe, president, Hudson City Savings Bank, Jersey City, whose subject will be on "Banking and Government"; and Joseph Trachtman, attorney, New York, who will speak on

"Estate, Insurance, and Gift Taxes."

The faculty of the School, as listed in the catalog for the 1953 session, numbers 67 leading lawyers, bankers, educators, and government representatives. In addition, 28 special lecturers will speak during the two-week session.

Personal Sketches

Dr. Adams is a native of Norwalk, Conn., and holds a B.A. degree from Amherst College, an M.B.A. from Harvard Graduate School of Business Administration, and a Ph.D. in economics from New York University Graduate School of Business Administration. Upon receiving the degree from Harvard, he joined The Hanover Bank in New York City, where he rose in rank to assistant vice-president in 1946. In 1949 he joined New York University and later served as assistant vice-chancellor and a lecturer on finance in the University's School of Commerce, Accounts, and Finance. Dr. Adams is author of Monetary Management—the Regulation of Credit.

Mr. Agemian is a native of Union City, N. J., holds the Standard Certificate of the American Institute of Banking, and is a graduate of The Graduate School of Banking. He entered the banking business with the Bank of the Manhattan Co., New York, was appointed assistant treasurer in 1945, assistant vice-president in 1947, comproller in 1951, and vice-president in addition to comptroller in 1952. At present Mr. Agemian is a member of the faculties of New York Chapter, American Institute of Banking, and Pace College, New York.

Mr. Colean was born in Peoria, Ill., and holds a Bachelor of Architecture degree from Columbia University. He is a former assistant administrator of the FHA; former director of the Twentieth Century Fund housing survey (1940-42); and a former vice-president

(CONTINUED ON PAGE 86)

Government Officials Talk Over Problems With A.B.A. State Bank Division Men

Bankers Meet With Officials of FDIC and Federal Reserve

Officers of the State Bank Division of the American Bankers Association, and chairmen of various committees of the Division met recently in Washington with governmental agencies to discuss mutual problems.

They met one day with officials of the Federal Deposit Insurance Corporation, and on another day with the Board of Governors of the Federal Reserve System and heads of System departments. They also visited Senators representing the home states of the Division members who attended.

Those Present

Representing the State Bank Division were:

President, B. M. Harris, president, Yellowstone Banks, Columbus and Laurel, Montana; vice-president, Harry M. Arthur, president, Arthur State Bank, Union, South Carolina; chair-man of Executive Committee, Ben S. Summerwill, president, Iowa State Bank and Trust Company, Iowa City; chairman of Committee on State Banking Departments, Floyd E. Lull, president, Smith County State Bank, Smith Center, Kansas: chairman of State Bank Research Committee, Robert H. Bolton, executive vice-president, Rapides Bank and Trust Company in Alexandria, Louisiana; chairman of the Subcommittee on Federal Deposit Insurance Study of the A.B.A. Committee on Federal Legislation, D. E. Brumbaugh, president, First National Bank, Claysburg, Pennsylvania; chairman of Legislation Committee, Rudolph E. Reichert, president, Ann Arbor Bank, Ann Arbor, Michigan; Melvin C. Miller, deputy manager, A.B.A., and secretary of the State Bank Division; Eugene C. Zorn, Jr., director of research, A.B.A.

Harold Stonier

E. Sherman Adams

Charles A. Agemian

Miles L. Colean











Charles W. Eliason, Jr.



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Edward A. Wayne

New G.B.S. Faculty Members

(CONTINUED FROM PAGE 85)

of Starrett Brothers and Eken. In 1943 Mr. Colean received the Columbia University Medal for Public Service. He is author of American Housing, The Impact of Government on Real Estate Finance, and Stabilizing Construction: The Record and Potential.

Mr. Eliason is also a graduate of Columbia University. He entered the banking business with the firm of Brown Brothers & Co. (now Brown Brothers Harriman & Co.) in New York. In 1929 he moved to the Chicago office of that firm, later becoming one of the managers in that city. During World War II, he served in the Army Air Corps; and following the war, he joined the Commercial National Bank of Peoria as trust officer, the position he now holds.

Mr. Held is a native of New York, holds the Standard Certificate of the American Institute of Banking, and is a graduate of The Graduate School of Banking. He joined the Bowery Savings Bank in 1916, was appointed deputy mortgage officer in 1932, assistant vice-president in 1942, and vice-president in 1951. Mr. Held was a member of the National Voluntary Credit Restraint Committee in 1951 and 1952.

Mr. Scheick is a native of Uniontown, Pa., a graduate of Carnegie Institute of Technology, and holds an M.S. degree in architecture from the University of Illinois. He taught architecture at Oklahoma A & M in 1929-30 and at the University of Illinois from 1930 to 1944. From 1944 to 1949 he was director of Small Homes Council, University of Illinois. In 1949 he became executive director of the Building Research Advisory Board of the National Research Council, the position he now holds.

Mr. Wayne was born in Eau Claire, S. C., and entered the banking business in 1936 as chief bank examiner of the Board of Bank Control, State of South Carolina. From 1940 to 1943 he was executive secretary of the North Carolina Bankers Association and in 1943 he joined the Federal Reserve Bank of Richmond as vice-president, the position he now holds. In addition, during 1950-51 he was acting director, Division of Examinations, Board of Governors of the Federal Reserve System, and in 1951 a special advisor to the Board.

California Leads States With A.I.B.'s Largest Membership

Four new chapters of the American Institute of Banking were formed during 1952, and one previously discontinued chapter was reorganized, bringing the total number of chapters to 261, according to the annual report of the Institute's Membership and Enrolment Committee. Osmond A. Burton, Valley National Bank, Phoenix, is chairman of the Committee.

The newly organized chapters are Imperial Valley Chapter, El Centro, Calif.; Upper Cape Fear Chapter, Fayetteville, N. C.; Minot Chapter, Minot, N. D.; and Altoona Chapter, Altoona, Pa. The reorganized chapter is Greenville Chapter, Greenville, S. C.

California continues to have the largest A.I.B. membership of any state—14,827 members in 42 chapters and study groups. California also showed the greatest membership increase during 1952, with its total membership growing by 1,905. Following were Ohio, with an increase of 676 members; and New Jersey, with a 427 increase.

The largest A.I.B. chapters in terms of membership are Chicago with 4,689 members, Los Angeles with 4,166, New York with 3,011, San Francisco with 2,849, and Detroit with 2,639. Los Angeles Chapter has the largest enrolment—2,947.

Edward Streeter Addresses G.S.B. Reunion March 13

Edward Streeter, banker and author, will be the speaker at the 16th annual alumni reunion of The Graduate School of Banking. The event will be held on Friday, March 13, at the Columbia University Club in New York City under sponsorship of the New York Metropolitan Group, G.S.B.

Mr. Streeter is known to bankers as vice-president of The Bank of New York. He is also widely known as the author of "Father of the Bride," and "Dere Mahel."

Musical entertainment at the reunion will be furnished by The Rivers Chambers Quartet of Baltimore.

In past years the reunion has been held on a Saturday. The Friday evening meeting is a new departure this year.

General Theme for National Public Speaking Contest for Giannini Award Is Announced

Speaking Program Culminates at A.I.B. Convention in Cleveland

"The Responsibility of American Banking in a Changing Economy" will be the general theme for public speaking contests to be held within the American Institute of Banking during the next few months, it was announced recently by A. L. Grigsby of the Bank of America N.T. & S.A., San Diego, who is chairman of the A.I.B.'s National Public Speaking Committee.

The speaking program will culminate in June with the 27th Annual National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes at the A.I.B.'s National Convention in Cleveland. The Institute will meet in Cleveland June 8-12

tute will meet in Cleveland June 8-12.

"Training and Education for Bank Management Responsibility" will be the subject for the public speaking contests to be held during March within the individual chapters of the Institute. The specific topic for the district contests will be announced on or about April 1. The semifinal eliminations, which will be held in Cleveland on the Sunday prior to the opening of the Convention, will use the same subject as the final contest. This subject will be announced by May 10.

The 12 district contests will be held in Worcester, Massachusetts; Trenton, New Jersey; Scranton, Pennsylvania; Richmond, Virginia; Birmingham, Alabama; Dallas, Texas; Long Beach, California; Oakland, California; Spokane, Washington; Kansas City, Missouri; Fort Wayne, Indiana; and Detroit, Michigan.

The winners of the semifinal contests will compete for prizes of \$500 for first place, \$300 for second place, and \$100 for third place. The expenses of the contestants in the semifinals, as well as the prizes in the final contest, are supplied by the A. P. Giannini Educational Endowment fund and the Bank of America N.T. & S.A. Mr. Giannini was founder of the Bank of America.

The chapter of which the first-place winner is a member will be awarded the A. P. Giannini Memorial Trophy.

66% of A.B.A. Approved Acts Enacted Cut Bank Expenses

Of the 34 A.B.A. recommended state laws, enactments of 1,734 are possible in the 48 states, Alaska, Hawaii, and the District of Columbia. Actually, an aggregate of 1,140 of these statutes have been enacted, or a total of 66 percent.

"These approved acts," said Sherman Hazeltine, president, The Bank of Arizona, Prescott, and chairman of the Association's Committee on State Legislation, "carry insurance protection and result in savings to the banks in amounts that are hard to estimate."

Speaking about the Deferred Posting Statute, the latest A.B.A. act, Mr. Hazeltine said "this statute has been enacted in all states except Alabama, North Carolina, Texas, Wyoming, and Kentucky. Kentucky has no deferred posting legislation and the other states have independent legislation."

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According to advices from the Ramapo Trust Company of Spring Valley, New York, the Deferred Posting Act alone has netted the bank an estimated savings of \$2,000 a year, or a 15 percent reduction in man hours.



At the mid-winter meeting of the Executive Council of the American Institute of Banking in St. Petersburg. Left to right, J. Robert Brenneman, The Metropolitan Bank of Lima, O.; Milton A. Blackburn, Bank of America, San Francisco; Leroy S. Clark, The Marine Midland Trust Co., of New York; Frank C. Adams, The Bank of California N. A., Seattle; Edward H. Fowler, The First National Bank and Trust Co., New Haven; Maurice Allendoerfer, Federal Reserve Bank of Kansas City; Alton P. Barr, Security Commercial Bank, Birmingham; Hartwell Davis, A.I.B., New York; Robert C. Rutherford, A.I.B., New York; Martin J. Travers, A.I.B. president, The Marine Trust Co. of Western New York, Niagara Falls; Stetson B. Harman, First Trust and Savings Bank of Pasadena; Dr. Leroy Lewis, A.I.B., New York; Everett D. Reese, A.B.A. vice-president, The Park National Bank of Newark, O.; Paul E. Jones, The Indiana Trust Co., Indianapolis; Bernard J. Lunt, The Fort Worth National Bank; Newton I. Gray, National Bank of Commerce of Norfolk, Va.; Emmett J. Erickson, Farmers & Mechanics Savings Bank, Minneapolis; J. Albert Cairns, Fidelity-Philadelphia Trust Co.; and Theodore M. Reinhart, Loop National Bank of Mobile

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

San Francisco Sets Up Estate Planning Council to Study Technical Problems

The formation of the San Francisco Estate Planning Council was announced recently by Brent M. Abel, attorney, who is acting as temporary president.

The Council will be patterned after similar organizations in other cities which are sponsored by the American Bankers Association and the National Association of Life Underwriters. The purpose of the council is to provide facilities for advanced study of technical problems in the estate planning field. Membership will consist of trust officers, accountants, life underwriters, and attorneys.

Temporary officers of the council are: Brent M. Abel, attorney, president; Francis E. Whitmer, vice-president and trust officer, American Trust Company, vice-president; Hugh Davy, C. L. U., Home Life Insurance Company, secretary; and R. E. Lindquist, C.P.A., Lindquist, von Husen & Joyce, treasurer.

Directors include these bankers: Edwin McInnis, trust officer, Bank of America, N.T. & S.A.; Albert J. Callahan, trust officer, Wells Fargo Bank & Union Trust Co.; and Philip S. Dalton, trust advisor, Anglo-California National Bank.

Fort Worth Bank's Ad Emphasizes Dangers in the Home-Made Will

Better relations with the legal profession are bound to result from a newspaper advertisement used by The Fort Worth (Texas) National Bank. An adverse court decision affecting a "homemade" will was used by the bank to alert the public to the advisability of consulting one's attorney in the making of a will.

The advertisement was banner headlined with these lines: "'HOME-MADE' WILL IS VOID, COURT RULES — Judge Warns Such Wills Often Defeat Maker's Wishes." The head and the body of the ad were superimposed over a montage of newspaper news stories. The text read:

"Here's a fact you'll want to remember: a 'home-made' will written with the best of intentions can be a serious mistake causing undue hardships and placing unnecessary burdens on your family.

"To prepare the most important instrument you'll ever sign, obtain the services of your attorney. He is professionally qualified through long years of study and experience to help you avoid the pitfalls of a 'home-made' will.

"Make a wise decision today. Call

Bank Tells of Florida's Estate Plan Advantages

An illustrated brochure, How Our Trust Department Helps Save Families Thousands of Dollars . . . in Florida, is a sales piece for the trust department of The First National Bank of Miami.

Chapter content covers: (1) photographs and thumbnail sketches of the bank's top trust management officers; (2) trust facilities and equipment; (3) the place of estate planning in a "Florida estate"; (4) tax savings through modern planning methods; (5) estate tax comparisons with 11 other states; (6) investing; (7) trust services in estate settlement where family businesses or close corporation investments are at stake; (8) the Florida will; (9) the Florida executor; (10) experienced care for securities; (11) how a man can do more for his family by becoming a Florida resident; and (12) the bank's directors.

In a double-page spread, Florida's favorable tax situation is compared in tabular form with the taxes in 11 other states (over and above Federal taxes).

your attorney for an appointment to prepare your will. Trust officers of this bank always welcome an opportunity to work with you and your attorney in preparing the most desirable estate plan to meet your requirements."

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

TV Show Presents Finance Professor and Instalment Credit Banker As Panel Explaining Banking Services

New Yorkers were treated recently to a half-hour TV presentation on the personal services of banks, with particular emphasis on instalment loans.

The program on WJZ-TV one of a series on "Know New York," was on the subject of "The Role of Banks in Personal Services to the Community." New York University arranged the show. Participants were John B. Paddi, vice-president of Manufacturers Trust Company and a member of the Instalment Credit Commission of the A.B.A.; Dr. Jules I. Bogen, professor of finance at New York University's Graduate School of Business Administration; with Dean Charles A. Dwyer of the University's School of Commerce.

A few of the replies of Mr. Paddi and Dr. Bogen to questions of Dean Dwyer

are given here:

DR. BOGEN: Our banks render three main services to the average citizen. First, they provide checking account service, which so greatly facilitates the making and receipt of payments. Secondly, they provide a most convenient haven for the savings of our people. Savings accounts in banks have become the most popular form of investment for the rank and file of our citizens. In the third place, banks are the chief source of credit for individuals, as well as for business and government. When, because of emergencies or opportunities, people want to borrow money, the bank is usually the agency that first comes to mind as a source of funds.

There has been a great change of thinking among economists about consumer borrowing. Fifty years ago, it was widely believed that loans should be made only for a business purpose. In more recent years, it has been recognized that lending to finance consumption can be just as sound as lending to finance production and distribution. The reason for this is that a growing proportion of the things that the average citizens consumes consists of so-called "durable" goods, which last a long time. The most durable thing a family will buy is a home, and here it has long been recognized that the purchase of a home could be financed with a loan, a mortgage. But automobiles, radio and television sets, furniture and kitchen equipment are also durables. Consumer credit is a very beneficial

force in our economic life . . . the record of consumer lending in the past shows clearly that the losses have been negligible. . . . I do not believe that we should try to regiment consumer lending in the belief that a government bureau is wise enough to decide how much people should borrow and when.

MR. PADDI: I know first-hand through the making of a million loans during the past 17 years that Americans are not fools that rush headlong into debts they cannot pay. They have always given a good account of themselves, and the excellent record speaks for itself. They have paid through war and depression, and have earned the confidence and respect of banking as a prime investment. . . . Our almost perfect collection record shows that this credit has been Our losses over many used wisely. years have been negligible and our faith has been amply justified. . . . The size of a loan that should be repaid without undue hardship depends upon the possible surplus of income over living expenses. The average borrower does not commit himself beyond 10 percent to 15 percent of his income.

Mr. Paddi, Dean Dwyer, and Dr. Bogen (l. to r.) in their recent TV appearance



RetailCreditPlanstobeGiven a Thorough Hearing at A.B.A. InstalmentCreditConference

Statement of Instalment Loan Principles to Be Drafted

The retail credit plans attracting so much interest from banks and merchants will be discussed pro and con at the A.B.A. National Instalment Credit Conference at the La Salle Hotel, Chicago, March 23-25. Under the general title of "New Horizons in Consumer Credit," the Charge Account Credit Plan, the Charg-It Plan, and similar new developments in the field will be thoroughly explored. In all probability the plans will be presented to the Conference by their originators.

Loans for automobiles, property improvement, cash, and for small business will be discussed as will the problems of small- and medium-sized banks in

instalment credit.

On The Program

A partial list of the speakers at the conference includes J. L. McCaffrey, president of International Harvester; J. J. Nance, president of the Packard Motor Car Company; Chester A. Rude, chairman of the executive committee of the Security-First National Bank, Los Angeles; G. Ardie Ames, vice-president of General Motors Acceptance Corporation; J. M. McKibbin, vice-president of Westinghouse Electric Corporation; William F. Kelly, executive vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia, and chairman of the A.B.A. Small Business Credit Commission; and Dr. Earl L. Butz, head of the Department of Agricultural Economics, Purdue University, Lafayette, Indiana.

Prior to the opening of the Conference, there will be a meeting of the new Advisory Board to the Instalment Credit Commission. The group will organize and set up policies to determine its activities. The almost 100 members of the Board represent every

state in the union.

At this meeting will be developed a statement of principles which the Commission feels should fit into bank's instalment credit operations under present economic conditions. Recommendations are to be made with respect to equities, terms, and reserves. The results of this organization meeting will be presented to the Conference.

A.B.A. National **Instalment Credit Conference**

March 23, 24, 25, 1953, at the La Salle Hotel, Chicago, Illinois.

Banking, Industry, and Government will present their views on credit policies and conditions as they affect instalment credit for 1953.

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The conference will discuss the present instalment debt position; forecasts for production, distribution, and consumption of durable goods in 1953; the need for sound credit policies to maintain a prosperous economy; and a host of related current topics

of particular interest to this field of credit.
The morning sessions will be devoted to the following outstanding speakers:-

- Everett D. Reese, vice-president, A.B.A.; president, The Park National Bank of Newark. Ohio
- John L. McCaffrey, president, International Harvester Company
- J. J. Nance, president, Packard Motor Car Company
- Chester A. Rude, chairman, Executive Committee, Security-First National Bank of Los Angeles

- G. Ardee Ames, vice-president, General Motors Acceptance Corporation
- J. M. McKibbin, vice-president, Westinghouse Electric Corporation
- Earl L. Butz, Ph.D., economist, Purdue University
- William F. Kelly, executive vice-president, Pennsylvania Company for Banking and Trusts

The afternoon sessions will be confined to the technical phases of operations, controls, systems, procedure, and many other problems of credit. Full and broadscale discussion, right down to the grass roots level, will be emphasized.

Exhibits—Many nationally known machine and equipment manufacturers will feature products which lend themselves to this banking function. In addition, companies will exhibit forms, charts, and other important material useful to a bank instalment credit department.

MAKE YOUR PLANS NOW TO ATTEND. Fill in the advance registration form below. Your complete advance registrations material will be awaiting you at the A.B.A. Advance Registration Desk in the La Salle Hotel. Hotel reservations must be made directly with hotels.

ADVANCE REGISTRATION FOR A.B.A. NATIONAL INSTALMENT CREDIT CONFERENCE

Title City _ REGISTRATION FEE - \$12.50 PER PERSON (A complimentary copy of the Proceedings will be mailed to each registrant) Instalment Credit Commission American Bankers Association 12 East 36 Street, New York 16, N. Y.

(Refunds will be made, upon request, to those unable to attend)

As this form is to be used as copy for the ADVANCE REGISTRA-TION LIST, your cooperation in filling it out completely and accurately will be appreciated. Please print or type the information and return the form promptly.

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

To Help Correct Abuses in **Home Construction Field**

Calls for Improvement of **Mortgage Borrowers Position**

"I understand that great strides have been made in the building industry since the war, but there appear to be at least remnants of old practices which prevent the consumer from getting more real value for his money," said Allan Sproul, president, Federal Reserve Bank of New York, before a group of New York savings bankers.

Since loans on and investments in real estate mortgages are the backbone of the savings bank business, Mr. Sproul believes that the banks should strive "to see that the mortgage borrower gets value received for his money."

"I am not thinking of value received," said Mr. Sproul, "in terms of relative prices or costs of similar structures, but in terms of what he might get for his money if all the possibilities of technological improvement and new materials were exploited in the building industry. If it is the case that restrictive practices in the building trades. restrictive practices in the building materials field, and archaic building codes still combine to give your borrowers less than their money's worth, I should say it is of interest to you and to your customers. I know it is of interest to those who are seeking a stable progressive economy without extremes of inflation or deflation.

Restrictive Practices

"We have adopted as a national policy the promotion of home ownership, but most of what is done to promote home ownership is to make credit easier to obtain in terms of Government or Government-guaranteed or -insured loans, with low interest rates, small down-payments, and long runs to maturity. If there are restrictive practices in the building industry, and if there are archaic building codes, we are making it easier for people to go into debt, while condoning their being given less for their money than they should receive. This must be a concern of the savings banks, as the source and center of much of our mortgage lending. Would it not be desirable, therefore, to take steps, or to prod the Government to take steps, to see if these conditions actually exist and, if so, what can be done about them to im-

Allan Sproul Wants Banks Real Estate Debt of About \$57-billion Is Nearly Three Times the \$20-billion Debt of Boom Twenties

Joseph R. Jones, vice-president of the Security-First National Bank of Los Angeles spoke on "Real Estate Loans in 1953" at the A.B.A.'s National Credit Conference in Chicago. Among other things, Mr. Jones discussed the volume of the real estate debt and raised the question of whether "we are approaching the point of saturation of the market" when it comes to homebuilding. His address included these remarks:

"A close study of real estate development over the past hundred years should convince even the most skeptical that building never stops exactly when an adequate supply has been provided, but instead continues until the supply exceeds the demand, and in this manner acts to depress the market still further. The question for us to determine is when have we satisfied the normal, proper, and sound demand for real estate, and when do we enter the period of overproduction with its possible bad results.

Debt Volume

"As a gauge of activity in this field, let us look at the volume of real estate debt as revealed by the FDIC figures. The total debt on 1- to 4-family dwellings on June 30, 1952, was approximately \$57-billion, or nearly three times the \$20-billion that existed at the close of the great real estate boom of the Twenties. The FDIC also shows us that the commercial banks in the United States in the period from December 31, 1945 to June 30, 1952, increased their time deposits 28 percent, and in the same period increased their real estate loans 220 percent. In 1945, 16 percent of the time deposits in commercial banks was invested in real estate mortgages; and in 1952, this had increased to 39 percent.

"This great activity has in no means been limited to commercial banks. The great expansion of this type of credit has been common to practically all types of lenders. We have seen now the ratio of real estate loans to savings deposits in commercial banks increased from 16 percent to 39 percent from 1945 to 1952. During the same period, the ratio of real estate loans to savings deposits in mutual savings banks increased from 28 percent to 50 percent. Life insurance companies increased the percentage of their policy reserves invested in real estate loans in this period from 17 percent to 34 percent. Savings and loan associations raised the percentage of their share accounts invested in real estate loans from 73 percent in 1945 to 97 percent in 1952. As a matter of fact, I have noticed in the published statements of a great many savings and loan associations in Los Angeles that their total real estate loans exceed the total amount of their share accounts, sometimes by a considerable amount. This, of course, is made possible by borrowing from the Federal Home Loan Bank.

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Market Saturation?

"Approximately 131/2 percent of all the FHA loans and 14 percent of all the GI loans made in the United States were made in Southern California. These figures do not include the great development in the San Francisco Bay Area. In Los Angeles County alone, we have built over one-half million dwelling units since 1946, which is enough to house comfortably nearly two million people. Some of us in the middle of this great operation have wondered how so many houses could be built without causing a collapse in the price market. But to date, there has been no marked movement indicating a failure in the market for the average-priced house. Prices have been sustained, even though we have needed only 5,000 to 5,200 units per month during the last two years to care for the increase of our population, both natural and from in-migration; but we have been building approximately 7,000 per month.

"This has made some of us wonder if possibly we are approaching the point of saturation of the market. The 1950 census showed conclusively that we have more housing per capita now throughout the United States than we had in the year 1940, which has been accepted as a very normal year, without surpluses or shortages. Since 1940, population has increased 14.3 percent, and the housing supply has increased 23.6 percent. In 1940, each housing unit served 3.53 people; and in 1950, it served only 3.26 people. This would seem to prove that the shortage of the war years had been cured by 1950."

prove the position of the mortgage borrower? If private business condones such practices by acquiescence, or public officials connive in them by inaction, we are guilty of giving assistance to those who would undermine our system of democratic capitalism."

Nationwide Study of Government Housing, Real Estate Policy Suggested

Pettibone Calls for Divorce of Credit and Welfare Functions

A committee of Congress or a commission appointed by the President, under authority from Congress, should be created to make a thorough study on a nationwide basis of the whole Government program with respect to housing and real estate financing, said Holman D. Pettibone, president of the Chicago Title and Trust Company, in an address to Chicago mortgage bankers.

He recommended an evaluation and re-thinking of the full meaning of the Federal Government's entry on a national scale into housing, real estate into housing, real estate states, slum clearance, building construction, and guaranty of deposits which find their way into mortgages.

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"It is now a fair question," Mr. Pettibone said, "to ask if government has adequately separated its credit and its welfare functions. Credit functions of government cannot continuously ignore the market: welfare functions can completely disregard the mortgage market so long as Federal funds are available to perform a given task. Interest rates, mortgage insurance, secondary credit, all of which are today matters of government concern, should be determined in terms of the market place and not by government edict in which the welfare aspects or political pressures of powerful groups prevail over sound business methods."

This address, entitled "Appraisal Time," has been issued in booklet form.

Capehart Seeks \$½-billion FHA Title I Insurance Hike

The Federal Housing Administration's Title I loan insurance authorization will be upped by \$500,000,000 (from \$1,250,000,000 to \$1,750,000,000) if a joint resolution offered by Senator Homer E. Capehart (R. Ind.) and amending section 2 of the National Housing Act, as amended, is passed by both houses of Congress.

This authorization covers insurance by the FHA of loans which are generally not secured by mortgages for the repair, alteration, or improvement of existing structures and, in the case of certain small loans, for some types of

new construction.

"The amendment," the Senator said, "would also modify section 2(a) of the National Housing Act to make it clear that the new dollar limitation governing the Title I insurance authorization refers to the aggregate of loan amounts advanced to borrowers, exclusive of financing charges. Thus, where the face amount of the loan note is \$200, covering \$190 advanced to the borrower and a \$10 financing charge retained by the lender, under the proposed joint resolution, the sum of \$190, rather than \$200, would be charged against the total insurance authorization."

FHA Relaxes Its Mortgage Insurance Limitations

Commissioner Walter L. Greene of the Federal Housing Administration has announced a further relaxation of restrictions regulating permissive mortgage amounts for FHA insurance. Under Section 203 (b) 2 (A) the maxi-

Colean Proposes Genuine Secondary Mortgage Mart

Miles L. Colean, Washington housing and real estate financing economist, advocated the creation of a genuine secondary mortgage institution, similar to the Federal Reserve System, in an address before the Conference on Savings and Mortgage Supply at New York University's Graduate School of Business Administration.

"To secure a truly secondary mortgage institution," he said, "it would have to be established to be at least as free from political and social pressures as is the Federal Reserve Board and should be financed to the fullest extent possible with private capital."

He emphasized that such an institution, while not organized primarily for profit, should be self-supporting and that it would have to have an assured source of income in time of stress.

"Since the early 1930s," he said, "after the Home Loan Bank Act and the National Housing Act were passed, there has been very little original thinking done about the mortgage system. Since that time, we have proceeded on a crisis-to-crisis basis, improvising as we went along until our sense of direction has been blurred if not actually lost. A change of administration in Washington gives an opportunity and should provide the inspiration to start our minds working again with basic issues. We have an opportunity that should not be lost."

mum mortgage amount on single family dwellings has been increased from \$14,000, the amount which has been in effect for several years, to \$16,000, the original limit.

News on Savings Banking

Items and Comment from Our Savings and Mortgage Division and Other Sources

Eastern Savings, Mortgage Men Are Meeting In New York As BANKING Reaches Its Readers

About the time this issue of BANK-ING reaches its readers, some 1,000 savings bankers from Eastern, Central and New England States will be assembled at the Hotel Statler in New York City for the Annual Savings and Mortgage Conference and the National School Savings Forum of the American Bankers Association.

The School Savings Forum and dinner on March 2 touches off this threeday event. This program starts at 4 o'clock with a panel discussion by leading school savings bankers and educators in the Keystone Ballroom. It is being followed by a dinner at 7 P. M., at which Harold Stonier, A.B.A. execu-

tive vice-president, is the main speaker. General sessions of the Savings and Mortgage Conference are being held at 10 o'clock in the morning and 2 o'clock in the afternoon on Tuesday and Wednesday, March 3 and 4, in the Main Ballroom of the Hotel Statler.

Tuesday will be taken up with savings bank problems, while Wednesday's sessions will be devoted to mortgage financing.

Additional details about the Conference program may be found on page 89 of February BANKING.

Watch for a condensed report on the Conference and Forum in our next issue.

Sproul Tells N. Y. Savings Banks They May Borrow From Fed In Emergency Conditions

Allan Sproul, president of the Federal Reserve Bank of New York, told the annual meeting of the Savings Banks Trust Company and Institutional Securities Corporation in New York, that mutual savings banks may borrow, under certain circumstances, from the Federal Reserve banks, whether members of the Federal Reserve System or not.

"I take it," he said, "that you are not concerned with day-to-day liquidity, nor would we have much interest in

(CONTINUED ON PAGE 92)

Treasury Continues Savings Bond Program; A.B.A. Group Asks Eisenhower Support Through Sale of Savings Bonds

A few days after Secretary of the Treasury George M. Humphrey wrote national and state chairmen and directors of the U. S. Savings Bond program that he wholeheartedly supports the bond program and intends to continue its vigorous promotion, members of the American Bankers Association's Treasury Savings Bonds Committee called on bankers to support President Eisenhower in his program for balancing the budget and curtailing Government expense by actively selling bonds to bank customers.

"The sale of U. S. Savings Bonds promotes thrift," said the Secretary, "gives the holder a buffer against misfortunes, and makes him a partner of the Government. The sale of Government Bonds to millions of the citizens of this country is a vital part of a sound debt management policy."

A.B.A. Supports Sale

Members of the A.B.A. Committee attending the Mid-Winter Trust Conference at The Waldorf-Astoria met at a breakfast session Tuesday, Feb. 10, to discuss plans for savings bonds activities during 1953. Guests included Dr. W. Randolph Burgess, special deputy secretary of the Treasury; Vernon L. Clark, national chairman, U. S. Defense Bond Program; and Robert J. Boyd, acting director, Banking and Investment Branch, U. S. Defense Bond Division.

Members of the Committee enthusiastically endorsed a renewed activity on the part of banks to support the sale of Savings Bonds to the public. H. Frederick Hagemann, Jr., chairman of the Committee and president of the Rockland-Atlas National Bank of Boston, Boston, Massachusetts, has sent, on behalf of the Committee, the following telegram to all Committee members, to state savings bonds chairmen, and to members of the A.B.A. Government Borrowing Committee:

Telegram to Committee

"Members and state chairmen of A.B.A. Savings Bonds Committee met informally in New York with Randolph Burgess. Committee discussed monetary and fiscal aspects of President's state of union message and unanimous feeling is that program deserves support of every banker. By explaining to their customers the wisdom and vital necessity of curtailing Government expenditures and balancing the budget, bankers can make this difficult and unpopular task of Congress and the President easier of accomplishment. The action already taken to implement the President's program gives us a real background for rededicating ourselves in the enthusiastic support of the whole Savings Bond Program. Marked improvement in recent sales reflects renewed investor confidence."

Besides Chairman Hagemann and Treasury officials, those who attended the meeting here include: E. Chester Gersten, president, Public National Bank and Trust Company, New York, New York: Rufus R. Jeffris, vice-president, Harris Trust and Savings Bank, Chicago; Reno Odlin, president, Puget Sound National Bank, Tacoma, Wash.; Loring L. Gelbach, president, Central National Bank of Cleveland, Ohio; G. Harold Welch, vice-president, New Haven (Conn.) Bank, N.B.A.; Howard D. Mills, vice-president, Lionel D. Edie & Co., Inc., Los Angeles; John C. Cornelius, executive vice-president, Batten, Barton, Durstine & Osborn, Minneapolis; T. E. Ivey, Jr., vice-president, California Bank, Los Angeles; Harry Hood Bassett, assistant to the president, The First National Bank of Miami, Fla.; Thomas E. McConnell, vice-president, Maryland Trust Co., Baltimore; James C. Wilson, president, First Bank and Trust Co., Perth Amboy, N. J.; Percy B. Menagh, executive secrtary, Savings Banks Association of New Jersey, Newark; G. O. Nodyne, president, East River Savings Bank, New York; Frederick R. Knauff. president, Federal Trust Co., Water-ville, Me.; and W. Harold Brenton, president of the A.B.A. and of the State Bank of Des Moines.

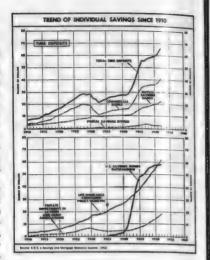
Sproul

(CONTINUED FROM PAGE 91)

that aspect of your operations. I assume that there are two kinds of situations in which the possibility of savings bank borrowing from the Reserve Bank might be important. One is the case of a run or a threatened run on a fundamentally sound savings bank caused by local rumors or conditions. The second would be a serious decline in economic activity, which threatens or is accompanied by loss of public confidence in savings banks, as well as other financial institutions. In each of these cases the public interest would be served and the stability of the local or the general banking situation might be preserved, if the threat were prevented from becoming an actuality, or if the actual development were met by prompt and vigorous counteraction. These are emergency situations in which a savings bank could come to the Reserve Bank with clean hands, seeking help in working out its prob-

As to whether in such cases there would be some requirement that the banks use the notice of withdrawal contract. Mr. Sproul said in part:

"I think that you may assume that either in cases of individual bank difficulties or threatened difficulties, or general banking trouble . . . the Federal Reserve Bank would be in continuing



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Lyon Arouses Commercial Bankers by Statement On Savings Branch Rights

Bill to Expand Branches Has Been Introduced

New York State Superintendent of Banks William A. Lyon has announced that his department is preparing a bill for early introduction in the state legislature to permit a mutual savings bank to open a branch office within 50 miles of its head office.

The Lyon announcement was made at the midwinter meeting of the New York State Bankers Association, at which NYSBA released its two-year study of savings facilities, Independent Bank Survival. The savings study report strongly implied that New York State communities already have adequate savings facilities and that further expansion will tend to weaken commercial banks in the less populous areas.

NYSBA President Ernest H. Watson urged the 1,400 commercial bankers attending the conference to "stand fast" against the Lyon branch bill proposals, stating that if savings banks open branches in outlying areas "the small independent commercial bank may well be faced with a struggle for survival which will be contrary to the public interest and the economic welfare of our communities."

The Superintendent said that the (CONTINUED ON NEXT PAGE)

consultation with the State Banking Department and that use of the notice of withdrawal clause would become an important consideration only if it appeared that its use would be constructive. I don't think that you can or should ask for more assurance than that, and I cannot properly commit further those who may be charged with the management of the Reserve Bank at some future time."

bill he will present to the Legislature will seek "to amend the commercial bank, savings bank, and savings and loan articles of the banking law so as to bring their branch provisions in line with what experience has shown to be the needs of the public for service."

"As part of its program for settling the running controversy in the state over branches," he said, "the department will propose also that Congress require by statute that Federal savings and loan associations abide by state branch laws. This would put an end to the serious threat to the position of the states in banking which the present branch policies of the Home Loan Bank Roard constitute."

Besides empowering mutual savings

banks to open a branch office as savings and loan associations are now permitted by statute to do within 50 miles of its head office, the Lyon bill would allow savings and loan associations to open from one to three additional branches in a few of the largest cities of the state, as is now permitted to savings banks, and the 30,000 minimum population requirement for in-city branches of commercial banks would be eliminated "since it has become clear that the requirement is too restrictive and stands in the way of the plans of commercial banks in some of the smaller cities and villages to provide more convenient service to the public."

Mr. Lyon said that "under the bill which the states are joining forces to urge upon Congress, Federal savings and loan associations would have branch powers in any state equal to those granted to mutual savings institutions, both banks and associations."

Bill Introduced

Subsequently, a bill was introduced in the New York State Legislature which implements Mr. Lyon's promise.

"This bill will be vigorously supported by the mutual savings banks of the state and should have the backing of all civic-minded groups and individuals," said Charles R. Diebold, president of the Savings Banks Association of the State of New York and president of the Western Savings Bank of Buffalo.

CALENDAR

	Amo	erican Bankers Association	may	40-40	the S. S. Ousen of Remarks
Mar.	2	National School Savings Forum, Statler	May	24-26	the S. S. Queen of Bermuda Texas, Rice Hotel, Houston
		Hotel, New York City	May	25-27	Pennsylvania, Chalfonte-Haddon Hall,
Mar.	3- 4	Annual Savings and Mortgage Conference, Statler Hotel, New York City	May	25-27	Atlantic City Arkansas, Arlington Hotel, Hot Springs
Mar.	5- 6	Committee on Real Estate Mortgages Savings and Mortgage Division, Stat-	May	27-28	Indiana, French Lick Springs, French Lick
		ler Hotel, New York City	May		Maryland, Cruise aboard the S. S. Queen
Mar.	11-12	Agricultural Commission Annual Meet-	June	June 4 2- 4	of Bermuda
Mar.	18-19	ing, Houston Country Bank Operations Commission, Brown Hotel, Louisville, Ky.	June	3- 7	Illinois, Jefferson Hotel, St. Louis Dist. of Col. Claridge Hotel, Atlantic City
Mar.	20	Country Bank Workshop, Louisville, Ky.	June	6	Connecticut, Griswold Hotel, Groton
Mar.	23-25	National Instalment Credit Conference,	June	7- 9	Idaho, The Lodge, Sun Valley
JIA CO L .	20-20	LaSalle Hotel, Chicago	June	11-13	Mass., New Ocean House, Swampscott
Apr.	19-21	Executive Council Spring Meeting, The	June	12-13	New Hampshire, Wentworth-by-the-Sea, Portsmouth
		Greenbrier, White Sulphur Springs, W. Va.	June	12-13	New Hampshire Savings—as above
Cant	00.00		June	12-13	Wyoming, Connor Hotel, Laramie
Sept.	20-23	79th Annual Convention, Washington, D. C.	June	14-16	Washington, Empress Hotel, Victoria, B. C.
		G 1 - 1	June	15-17	Minnesota, Nicolett Hotel, Minneapolis
		State Associations	June	18-20	Montana, Canyon Hotel, Yellowstone National Park
Mar.	26-28	Florida, Hollywood Beach Hotel, Holly- wood	June		Virginia, The Homestead, Hot Springs
Apr.	10-11	New Mexico, Hilton Hotel, Albuquerque	June		Vermont, Equinox House, Manchester
Apr.	12-14	Louisiana, Jung Hotel, New Orleans	June		Oregon, Eugene Hotel, Eugene
Apr.	14-16	Georgia, General Oglethorpe, Savannah	June June		Wisconsin, Schroeder Hotel, Milwaukee
Apr.	23-25	South Carolina, Ocean Forest Hotel, Myrtle Beach			Maine, Poland Spring House, Poland Spring
Apr.	27-29	Mexico, Acapulco	June June		Michigan, Pantland Hotel, Grand Rapids West Virginia, Greenbrier Hotel, White
Apr.		Alaska, Sitka Elks Club Building, Sitka			Sulphur Springs
May		Colorado, "Broadmoor Hotel, Colorado Springs	June		New Jersey Mutual Savings, The Mon- mouth Hotel, Spring Lake
May	5- 6	Tennessee, Hermitage Hotel, Nashville	Aug.		Nevada, Las Vegas
May		New Jersey, Chalfonte-Haddon Hall, At- lantic City	Aug.	Sept. 1	Maine Mutual Savings, Poland Spring House, Poland Spring
May	7-8	Oklahoma, Mayo Hotel, Tulsa	Sept	10-12	Massachusetts Mutual Savings, Mt.
May		Utah, Sun Valley, Idaho			Washington Hotel, Bretton Woods,
May		Missouri, Muehlebach Hotel, Kansas City	Oct.	14-15	N. H. Connecticut Mutual Savings, Mountain
May	12-14	Ohio, Netherland Plaza Hotel, Cin-			View House, Whitefield, N. H.
May	14	Delaware, Dupont Country Club, Wil-	Oct.	17-23	Cruise aboard S. S. Nieuw Amsterdam
May	14	mington Rhode Island, Industrial Trust Com-	Oct.	18-20	
	4.2	pany, Providence	Oct.	18-21	Iowa, Fort Des Moines Hotel, Des Moines
May	14-16	Kansas, Wichita	Nov.	10-11	Nebraska, Fontenelle Hotel, Omaha
May					Other Organizations
May	18-19	California, del Coronado Hotel, Coronado			
May			Oct.	11-15	
May		Alabama, Battle House, Mobile			Annual Convention, Sheraton-Cadillac
May	21-24			10.00	Hotel, Detroit, Michigan
Mari	00.00	hurst	Oct.	19-22	
May	22-23	South Dakota, Marvin Hughitt Hotel,			tion of Bank Auditors & Comptrollers, Hotel Roosevelt. New York City

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Looking Into Future of Savings and Mortgage Banking

Capsule Report from the Los Angeles Savings-Mortgage Conference

Post the 450 savings and mortgage officers from banks in seven West Coast States attending the Savings and Mortgage Conference of the American Bankers Association in Los Angeles on February 9-10 there was a program broad enough, yet compact enough, to satisfy the most discriminating tastes in conference fare.

Monday's program was devoted primarily to the savings side of the banking business, while the two sessions on Tuesday took up the mortgage lending side of the business. Lively give and take marked the open forum discussions at the conclusion of each session.

The Conference was sponsored by the A.B.A. Savings and Mortgage Division, of which Wendell T. Burns, senior vice-president, Northwestern National Bank of Minneapolis, is president, and J. R. Dunkerley, A.B.A. deputy manager, is secretary. Joseph R. Jones, vice-president, Security-First National Bank of Los Angeles, was Conference general chairman and he was also chairman of "A Mortgage Committee in Action" panel which concluded the speaking program on Tuesday afternoon.

For the first time at an A.B.A. Conference of this nature, the program included a farm mortgage luncheon which was held on Monday and addressed by Al J. Brown, vice-president of the Security-First National Bank of Los Angeles. Mr. Brown pointed up the danger signals appearing on the agricultural horizon.

Another first-day attraction was a banquet, preceded by a reception tendered by the Los Angeles clearing house banks. Fritz B. Burns, leading Los Angeles builder, replaced A.B.A. Vicepresident Everett D. Reese as the banquet speaker. Mr. Reese was unable to attend because of illness.

Savings and Loan Branches

Taking as his theme, "The Savings and Mortgage Picture," President Burns opened the Conference with an address that reviewed developments in the field and the activities of the Division. Among the topics covered was savings and loan branch offices legislation, on which he stated:

"One of the matters which has occupied the serious attention of the American Bankers Association and of the Division in the past year has been the competition of savings and loan associations. Our Committee on Federal Legislation has endeavored to obtain congressional action restricting branch offices of Federal savings and loan associations.

"A bill sponsored by the American Bankers Association was introduced in the Senate last year seeking this result. A second bill was introduced a little later at the request of state supervisors of savings and building and loan associations.

"The bills were similar. The bill favored by the American Bankers Asso-

ciation would restrict branch privileges to those permissible to state-chartered savings and loan associations. The state supervisor's bill would permit Federal savings and loan associations to select the more favorable provisions applying to either state-chartered savings and loan associations or other thrift institutions, and would also permit already existing branches to continue, even though unlawfully established.

"The latter bill was approved by the Senate Banking and Currency Committee and was awaiting action by Congress at the time of adjournment in July. Plans to reintroduce the branch bill favored by the American Bankers Association are being made for the new Congress, and careful attention will be given to its progress."

Interest Rates

Mr. Dunkerley, who spoke on the "Rates of Interest on Savings," covered the principal considerations that should govern a bank in determining its interest policy and offered case examples to prove that the interest rate is not as important as some believe.

"As a general rule," said Mr. Dunkerley, "a bank should never try to meet the rate of a savings and loan association. Usually a savings and loan association should pay a higher rate of dividend because it is a different kind of an institution.

"The trouble in this situation is due to the fact that many people are putting their money in savings and loan associations under the impression that they are banks of deposit. When a bank goes all the way to meet the rate of a savings and loan association, it adds to the impression that they are the same type of institution.

"If you find that people in your community put their money in a savings and loan because of a higher rate, you should not be overly concerned. That is the right reason for anyone who chooses a savings and loan. You should be more concerned if they go to the competitor because he renders better service or because he does a better promotion job especially among younger

"In most sections of the country, savings are again pouring into the banks. This is due largely to the stepped up advertising for savings. If we'd step it up to where it really ought to be, we might find the money coming in as fast as we'd like. But don't overlook this problem of inertia. It is going to take

Savings bankers applaud a speaker



months and years to overcome the effects of the many years during which we spent nothing on promotion.

"In the months ahead, let's think more in terms of savers; i.e., people, especially younger people, rather than in dollars. If we constantly attract new savers, the dollars will take care of themselves. If we keep uppermost in our minds the needs of the community, the soundness of our banks, then I believe a moderate rate of interest will in the months ahead attract the greatest volume of new savings our institutions have ever experienced. Furthermore, the type of savings which belong in banks will come to our institutions.

Meeting Competition

In a discussion of "Meeting Savings and Loan Competition," John B. Mack, Jr., of John B. Mack, Inc., New York City, expressed views arrived at after years of studying promotional material of both banks and savings and loan associations.

"In my personal opinion," he said, "there is no simple solution to the problem of savings and loan competition. There is a solution, but it requires a lot of hard work.

"In the the 166 years of our country's history prior to 1933, banks had practically no competition in attracting the savings of people. When the New Deal came into power in March 1933, the commercial and savings banks had between them about \$24-billion of time deposits. There were no U. S. Savings Bonds, less than \$1-billion in postal savings, and about \$5-billion in building and loan associations.

We were in pretty much the same position as Henry Ford in the first few years of the automobile business. All he had to do was sell people on the idea of automobile travel, and they just naturally bought a Ford. But times changed, and Ford soon had to fight for markets with other makes of cars. Take a look at automobile advertising today. Does it try to sell you on traveling by automobile instead of some other form of transportation? Maybe a little, but mainly it concentrates on the advantages of one make over the others —in appearance, price, performance. It merchandises! And that's just what banks have neglected to do.

"Something happened back there in 1933 that changed the savings picture. A new type of institution was created -the Federal Savings and Loan Association. The purpose of this new institution as originally conceived was to offer opportunity for investment of private funds at attractive rates and to provide for the local financing of homes. Our new competitors had no doubts about what they must do. They were new and had no traditions. . . . They knew that they must merchandise their services. And they have seldom deviated from that theme.

"But how about the banks? Are they trading blow for blow with strong merchandising appeals?.

"Banks go merrily along selling the philosophy of savings while our com-



At the Farm Mortgage Luncheon. Left to right, Messrs. Nims, (S. W.) Bugbee (vice-president, Citizens National Trust & Savings Bank, Los Angeles), Burns, Brown (speaking), Jones, and Dunkerley

petitors skim off bigger and bigger portions of the new savings business. If you doubt that, ponder these figures. Since V-E Day, the average commercial bank has had an increase of \$950,000 in time deposits. In the same period the average savings and loan association has increased \$1,600,000. In 1950 and 1951 total commercial bank time deposits increased by \$11/2-billion. In the same period savings and loans increased by over \$3 1/2-billion.

"... The amazing thing is that our competitors hold only one trump card -rate of dividend-while we hold the rest of the entire deck. To put it bluntly, we need to learn how to sell. We must merchandise our services. Let's continue to sell thrift-but let's sell bank accounts too."

A Sound Farm Program

After reviewing some of the danger signals that lie ahead for agriculture (see page 65), Mr. (Al J.) Brown said to his luncheon audience:

"Last November the people of this country voted overwhelmingly for a change in government administration. I believe that one of the deciding factors was the farmer's fear that the Government's agricultural program, with regimentation under bureaucratic control, was leading agriculture into a state of socialization that eventually would deprive the farmers of the free enterprise system.

"We lauded President Eisenhower's selection of Ezra Benson as Secretary of Agriculture. The appointment was made without political favor, and he brings to the office a rich background of experience in agriculture. He apparently has no panacea or crack-pot cure-all to solve the problems of agriculture but is using the good old American approach of enlisting the help of

qualified men to assist in formulating a sound farm program.

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"It is encouraging when men of this caliber will make the necessary personal sacrifice to assist in developing an agricultural program. Personally, I have confidence that in the period of the next six months or a year, the Secretary of Agriculture and the men he has chosen to help him will evolve and put into effect a sound farm program."

Selling Savings

Advertising, or more specifically "How to Sell Savings," was the subject of an address by Daniel W. Hogan, Jr., executive vice-president, City National Bank and Trust Co., Oklahoma City, and chairman of the A.B.A.'s Committee on Savings and Mortgage Development.

Advertising, by itself, won't do, he ntends. Banks must also have a contends. sound public relations program that ties in with advertising. Here, in his own words, are some of his ideas on this

"The main function of advertising is to bring Mr. Average Man into your bank to open a savings account. You cannot hope to make actual sales of savings unless each individual ad is a reasonable facsimile of a face-to-face visit with your bank's president.

"... If we'll study the facts-all the facts—we can't help coming to the conclusion that the savings deposit is pretty solid, stable, and profitable yearin-and-year-out, and unquestionably

worth fighting for.

"But let's not try to fly blind. First, your bank will need a definite policy. Top management must be all fired-up to go after the savings business in a big way, promising not to send a boy to do a man's job.

". . . Let the customers know you

have a savings department. Set up lobby posters, display coin banks, put stuffers in your monthly statement, and load your check counters with blotters. Tell your customers about the convenience of one-stop banking and how simple it is for him to save where he banks. Invite him, coax him, urge him, and give him the works.

"But how are you going to inveigle the stranger to turn in at your front door? Advertising! Since buying habits depend so entirely on advertising, it's the only possible way to sell thousands of unknown people. If you'd like to see your fellow townsmen crowding around your new-account desk, invite them over and over again. Just one campaign, alone, won't turn the trick because you're not advertising the sale of sport shirts at half price. The truth of the matter is that you'll be needing many campaigns, all of them coordinated to run over a period of years. But there's one thing sure: if you'll hammer away, day after day, month after month, year after year, you're bound to get results.

"A sound public relations program must be tied in with the advertising program. The aloof attitude of the present generation toward banks has taught us that a public relations program, to be worth its salt, must begin in the schoolroom. A good many of us feel that we've already lost one generation, and we rebel at the thought of

losing another. . . .

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"You too can make friends with the small fry, and it's no pipe dream that today's savings accounts can build tomorrow's big business. With a little effort you can work out a plan of your own to attract youngsters. It can be quite simple and not very expensive. . . .

"If you want to take on a master plan to build friends and customers for the future, study up on your own bank. Take off the rose-colored glasses and look at it through the eyes of a stranger. Try to discover some particular, symbolizing characteristic that might liven up your copy just a bit. . . .

"It would be nice to have savings business handed to us on a silver platter, but unfortunately, wishing won't make it so. It will take a doublebarreled advertising program: advertising that sells and packs a wallop as it

Warehousing Mortgage Loans

"Warehousing" of mortgage loans gives bankers an opportunity to provide better distribution of mortgage credit throughout the nation, Thomas L. Nims, assistant secretary of the Savings and Mortgage Division of the American Bankers Association, said in an address on "Better Distribution of Mortgage Credit Through Warehous-

Describing how the warehousing operation works, Mr. Nims said: "Originally the performance was to do exactly what the name implies. It offered a means for temporarily storing mortgage loans with a bank while



Russell S. Hanson, vice-president and cashier, First National Bank, Logan, Utah, was one of many with a question

awaiting an assignment of those mortgages to others. As a builder completed a small number of homes in a large development project, the new mortgages created thereby were stored as work progressed and sales took place until all homes were completed and all the resulting FHA and VA loans to individual purchasers were ready for final delivery, with all papers and documents in order, to the permanent investor who had previously committed to purchase them.

Today there are additional banking functions in connection with warehousing. The builder or other originator of the mortgage loans, who pledges them under the warehouse agreement before transfer to the permanent investor, obtains a loan from the warehousing bank in exchange, with the individual mortgages becoming a collateral secur-

ity to support it.

"To the mortgage originator, the pledging of loans in this way provides an excellent means of handling the



L. H. Brewer, president, Peoples Bank of Long Beach, California, was another with a question

ultimate transfer of the mortgages to permanent investors and to obtain the proceeds from the completed transactions at a much earlier date than would otherwise be possible - ready to go ahead with more. For the bank, a profitable lending service is being performed, which has elements of a much wider service than just the immediate

"The possibilities for the future use by banks of mortgage collateral (or warehousing) loan service are very great. When extended to its best and fullest use, it can be the answer of private enterprise to the public demand for a wider distribution of mortgage credit. It can furnish the means whereby capital in plentiful supply in some areas can be chaneled into areas where there is a need for it."

Suburban Shopping Areas

Speaking on "Suburban Shopping Areas," Victor Gruen of New York City, a member of the American Institute of Architects, analyzed the factors to be considered when shopping center financing is up for decision.

"The three main criteria for judging a shopping center project," Mr. Gruen said, "are (1) business success, (2) convenience, and (3) safety.

"In order to judge the potential business success, you have to be assured of the existence of sufficient business potential. . . ."

"But the business success of the center will be influenced by other factors than the net business potential. One of the most important of these is the highway and access road system. . . .

The next factor which influences the business potential of the center is the physical character of the site. The site should be in one piece, uninterrupted by highways or roads. . . .

'And, finally, your business potential will be influenced by the size of the

"Considerations of convenience and safety should not be restricted to the shopping center itself. The health of the shopping center depends on the health of the surrounding area. If shopping center traffic is channeled through quiet residential streets, it will make living in the residential area undesirable and will make people want to live elsewhere. . . ."

Building Inventory

Mr. Burns, who is chairman of the Build America Better Council of the National Association of Real Estate Boards, Los Angeles, talked on "Balancing the Housing Inventory." After raising the question as to what would happen in the home construction field should the Korean war come to an end, Mr. Burns expressed the view that the industry would then dedicate itself "to the reconditioning of our housing inventory, to the rehabilitation of our blighted areas, and to the redevelopment of those districts which we must write off as irretrievable slums."



The Mortgage Committee in Action. Left to right, Messrs. Steffensen, Moretti, Jones, Baldwin, and Sink

"To show something of the magnitude of the job," he said, "according to the 1950 census, nearly 9-million of the 35million nonfarm homes reporting were either dilapidated or, if not dilapidated, lacked one or more of the three specified plumbing facilities. Using an estimate of \$1,400 per unit, which was the approximate cost in the city of Charlotte, North Carolina, in its recent rehabilitation and reconditioning program, we arrive at a potential repair job in the neighborhood of \$12.6-billion for nonfarm homes alone. There is also a tremendous potential in the farm home field as well.

"Or to approach an estimate of this market in another manner—the value of the total amount of our national resources represented by urban buildings is \$500-billion; and if you want to assume that the oldest one-half of that inventory (\$250-billion worth) could easily be in need of repairs to the extent of 5 percent of its value, then you come to an estimate from this approach of a program in the amount of \$121/2-

billion.

"Both of these approaches deal purely with the bringing of dwellings up to a safe and sanitary condition; and if you were to bring this vast building inventory up to present-day standards of living by reconditioning with modern materials and modern appliances, it is easily conceivable that the \$121/2-billion figure could be doubled. Therefore, I envision a possible \$25-billion potential.

66 though this program is not new in concept, I feel this reconditioning and rehabilitation program is 'an idea whose time has come,' and will for several reasons become a potent force in the economy of this nation."

VA Interest Rates

Thomas B. King, director of loan guaranty service, Veterans Administration, Washington, addressed the Conference on "Insured Mortages."

"Happily," said Mr. King, "some of the uncertainties obscuring the Government position on the interest rate-and the fog through which rumor has revelled-were cleared away by the recent hearing of the Senate Committee on Banking and Currency. General Gray and Mr. Foley, VA and HHFA chiefs, were called to testify before that Committee. General Gray reaffirmed VA's stand in maintaining the 4 percent rate. But he did recognize that the GI loan was very difficult to obtain in some areas, and also recognized that the GI 4 percent rate was not an independent question, but closely tied into the whole interest rate structure and the future trends of general money rates. . . . Subsequently, the Committee chairman was reported as saying that in the view of the Committee there is adequate power in the agency to take any action that might be necessary 'without Congress doing anything.'

"... That expression from the chairman poses more clearly the fact that responsibility for action or inaction is back in the lap of the Agency. As a consequence, it can be expected that the agency will intensify its study of the whole question and will take such action in the near future as it believes will achieve the objectives of the law which it is charged with administering.

Sweeping Changes Forecast

Sweeping changes in the present setup for financing housing appear to be ahead which will result in closer cooperation between private business and the Federal Government in real estate financing, was predicted by William A. Marcus, senior vice-president of the American Trust Co., San Francisco.

"Here are some predictions," Mr. Marcus said, "of what I believe lies ahead in the field of housing for the

balance of 1953:

"(1) The Housing and Home Finance Agency will be eliminated. . . . It has done nothing to coordinate the activities of its chief component parts . . .

"(2) Taken out from under the Housing and Home Finance Agency, the Federal Housing Administration will again be independent. As such an agency in the past, it has done great good, . . One of the FHA's weakest points is its present one-man control. I believe that an FHA policy board will be formed . . . to decide FHA policy . . .

"(3) I believe that the . . . 4 percent

rate on VA loans will be increased at least to 41/4 and possibly to 41/2 percent.

"(4) The Federal National Mortgage Association will remain, but will get no additional funds to purchase mortgages at a premium over the prevailing market price. . . . FNMA can be justified as an emergency standby agency, and it should be operated in a manner which will produce a profit for the Government.

"It is my belief and hope that dur. ing the year we shall see a careful study of the entire problem of public housing and slum clearance; and that greater cooperation between the Gov. ernment and private building and financing institutions will come about. patterned on some such successful program of redevelopment as is commonly known as the 'Baltimore Plan.'

Mortgage Committee Findings

A trend throughout the United States toward firming interest rates on mortgage loans was noted by a panel of bank mortgage officers. The discussion called "A Mortgage Committee in Action," represented a practical study of mortgage problems of a hypothetical small city bank.

Throughout the discussion, emphasis was placed on the importance of flexibility by banks in their real estate mortgage operations to meet situations that might arise in the years ahead. Members of the panel stressed the fact that each mortgage is a credit operation that should be considered not only from the standpoint of protecting the bank from loss, but equally to serve the best interests of the borrower. It was pointed out that mortgage loans may be amortized over long periods of years, and that during that time the income of the borrower may fluctuate or some other condition may arise which will make an adjustment or recasting of the mortgage transaction desirable.

"A vigorous collection policy should be enforced," panel members agreed. Such a policy is of benefit to the home buyer who might be encouraged through lax collection and servicing to pile up a debt which he would be unable to pay.

Members of the panel were: Joseph R. Jones, vice-president, Security-First National Bank of Los Angeles, chairman; Harry G. Baldwin, vice-president, Washington Mutual Savings Bank, Seattle; R. F. Moretti, vice-president, Bank of America, N. T. & S., San Francisco; Emmert Sink, vice-president, California Bank, Los Angeles; and V. R. Steffensen, senior vice-president, First Security Bank of Utah, N.A., Salt Lake City.

Curt C. Mack, FHA Assistant Commissioner, spoke on FHA insured mortgages. Besides Mr. Jones and Mr. Burns, presiding officers were: Elden Smith, president, Citizens National Trust & Savings Bank, Riverside; Carl F. Wente, president, Bank of America, San Francisco; and H. J. Mendon, president, California Bankers and vice-president, California Bank, Los Angeles.

M. B. L.



Who helps "give it the gas"?

Read how banks team up with the Oil Industry to put more powerful, more economical gasoline in your car

AS WE see it, you need 4 things to market a gallon of modern gasoline: Plenty of get up and go, first-rate technical know-how, top flight organizing genius, and ... money.

All the hundreds of oil companies that produce, refine and market gasoline have the first three in common.

The fourth is frequently the business of banks, and here's how it goes.

Private capital—always the prime mover of private enterprise—gave the oil business its start. But as the problems of the industry grew more complex and more expensive, even the staggering amounts oilmen put back into their business were not quite enough to foot the bill. The tremen-

dous resources of banks had to be tapped to help do the job.

For instance—bank money helps finance many of the 45,000 wells drilled annually in this country. Bank money contributes to pipe line, tank ship and refinery construction. Bank money helps in the research for better gasoline and hundreds of other petroleum products. Ultimately, bank money reaches the retail sales level and in many cases helps finance the neighborhood service station operator.

And where do banks get the money to help oilmen? From people. From the dollars and cents people deposit or invest. And when put to work in the form of bank loans to industry, this money comes back to the people as progress and profits.

That's how banks help "give it the

And it points up a lending pattern between competitive banking and private enterprise that has helped bring all the American people a substantial share of this world's goods.

Chase National Bank is proud of the part it is playing in American progress.

CHASE NATIONAL BANK

OF THE CITY OF NEW YORK (Member Federal Deposit Insurance Corporation)

One of a series of advertisements being published in New York City newspapers

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Ideas from Mid-Winter Trust Conference

Estate Management, Taxation, Economics, and Government

MARY B. LEACH

EN of ideas and action-39 in all -presented one of the best programs the Mid-Winter Trust Conferences of the American Bankers Association have witnessed. Trust companies in 42 states, the District of Columbia, Canada, and Bermuda sent 1,817 delegates to the Conference held at The Waldorf-Astoria in New York on February 9, 10, and 11, which was the A.B.A. Trust Division's 34th annual New York Trust Conference.

In addition to Robert A. Wilson, president of the Trust Division and senior vice-president of The Pennsylvania Company for Banking and Trusts. Philadelphia, and Merle E. Selecman, executive manager of the American Bankers Association and secretary of the Trust Division, the presiding officers of the Conference sessions were: N. Baxter Maddox, vice-president of the Trust Division, who is vice-president and trust officer of the First National Bank of Atlanta; George C. Barclay, chairman, Executive Committee of the Trust Division, who is vice-president of the City Bank Farmers Trust Company, New York; and Joseph W. White, immediate past president of the Trust Division and vice-president of the Mercantile Trust Company, St. Louis.

The Conference opened with G. Keith Funston, president of the New York Stock Exchange, extending greetings and closed with a luncheon tendered the trustmen by the New York Clearing House. Alexander C. Nagle, Clearing House president and president of the First National Bank of New York, as host at the luncheon received a standing vote of thanks from the delegates and he, in turn, told them how much the New York City banks enjoy their annual visit and look forward to hav-

ing them as guests.

Foreign Policy

Perhaps the crowning event of the three-day Conference was an address made at the luncheon by Representative Walter H. Judd (R., Minn.), an eminent authority on Asia, who spoke on "American Policy in the Pacific." He reviewed the foreign policy of the Roosevelt-Truman Administrations and expressed great satisfaction that the Eisenhower Administration is willing and is determined to find a solution to the Communist menace.

He said that the majority of our people have insisted upon nursing illusions about the nature of the enemy and that before an effective foreign policy can be enforced, our people must



Some top A.B.A. officials get together for a pre-Conference confab. Left to right, President Brenton, Executive Vice-president Harold Stonier, Trust Division President Wilson, and Executive Manager Selecman

awaken from their dangerous illusions. Representative Judd pointed to the difference in objectives between the

United States and Russia, stating that the Reds are bent on conquest while we want peace. He outlined this fivepoint program as a solution to our pres-

ent dilemma:

(1) Recognize that the only way to prevent war is to keep ourselves strong and our enemy weak, rather than the policy that has been pursued of building up the enemy and weakening the United States.

(2) Make sure that the Kremlin does not gain any more victories in Asia or

Europe.

(3) Find ways to loosen Russia's hold where she has gained control.

(4) See that we are in a war of survival and use our strength where it will count most-where we are strongest and Russia is weakest; stand behind our allies; and build up the areas still free so they can fight their own battles.

(5) Encourage and build up resistance forces in the countries that are

oppressed.

"Communism," he said, "must be overthrown from the inside by the people that have been enslaved by it. It can never be overthrown from the outside. We must find the way and I know when Americans put their shoulders to the wheel they can find the way. People are beginning to pay attention and they are no longer being fooled; they are scared, and that is good."

Space limitations being what they are, all BANKING can do is to give you a few of the principal ideas presented by the speakers, and here they are:

Pension Fund Investments

While speaking about the "dollar growth of equity holdings by institutional investors in recent years," Stock Exchange President Funston said that "in 1946 the common and preferred stock holdings of all private trusteed pension funds amounted to about \$475million. That estimated total excludes pension plans administered by life insurance companies, but does include those administered by banks, companies, and private trustees. By the end of 1950, four years later, the total had doubled. At the end of last year, the total had jumped to nearly \$1.5billion . . .

". . . when I got to the equity holdings-common and preferred-of bankadministered personal trusts, the figures read like a chapter from the Federal budget. In 1939 the stock holdings of such trusts amounted to less than \$13-billion. By the end of 1949, however, these equity holdings were valued at about \$20-billion. By the end of last year, I'm informed that the dollar total

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Trends

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of personal trust holdings had expanded to around \$25-billion."

Trends in Estates

"Our New Job" was the title of President Wilson's address, in which he reviewed political trends and the confiscatory increase in Federal and state estate and gift taxes during the past 20 years.

"We know," he said, "that present annual tax rates at the national and state level are nearing the point where only diminishing returns can result. Few people realize that the United States Government derives 84 percent of its revenue from direct taxes, such as income, estate, and gift taxes. No other central government in the world draws so heavily on direct taxes.

"It is interesting to note that United States Treasury figures show that estates are definitely decreasing in size. The report of the United States Treasury Department dealing with Federal estate taxes also shows that in the year 1930 there were 10,382 returns filed which totaled \$4,165,000,000, while in 1948 there were 24,381 returns filed having a value of \$4,791,000,000, which means that the average size of the estates reported had decreased roughly from \$400,100 to \$196,000.

"It would now be worthwhile to look at the Federal estate tax record. It was first enacted in 1916 with the highest bracket subject to a 10 percent rate. One year later the 10 percent rate was increased to 15 percent. When the New Deal came into power in 1932, the rate was increased to 45 percent, then to 60 percent in 1934, 70 percent in 1935, and finally to the present 77 percent in 1940..."

Mayo A. Shattuck Memorial

At the conclusion of Mr. Wilson's address, the trustmen paid tribute to the late Mayo A. Shattuck, nationally known authority on trustee and estate law and for several years a member of the faculty of the A.B.A.'s Graduate



Panel answers questions on Common Trust Funds. Left to right, Messrs, Karch, Georgen, Zukoski (Leader), Shelton, and Whittlesey

School of Banking. Mr. Shattuck, who died on November 4, 1952, at his home in Hingham, Massachusetts, was a partner in the law firm of Hausserman, Davison, Shattuck, and Field, Boston.

Mr. Shattuck was known nationally for his advocacy of the Prudent-Man Rule in the investment of trust funds and was a frequent speaker at A.B.A. trust conferences.

Paying tribute to him at the Trust Conference were Louis S. Headley, former president of the Trust Division of the A.B.A. and director of the First Trust Company of St. Paul, St. Paul, Minnesota; and Gilbert T. Stephenson, also a former president of the A.B.A. Trust Division and before his retirement the director of trust research of The Graduate School of Banking. In the absence of Mr. Headley, his tribute was read by Joseph W. White. Both Mr. Headley and Mr. Stephenson have been intimately associated with Mr. Shattuck in many projects of the A.B.A. Trust Division.

Another speaker was William H. Edwards of the law firm of Edwards & Angell, Providence, Rhode Island. Fol-

lowing his address was an hour-long "Get Acquainted Hour," which gave the trustmen an opportunity to greet old friends, make new ones, and discuss common estate management questions.

Selling vs. Merchandising

Alonzo M. McNickle, vice-president of the Fidelity Trust Company of Pittsburgh, opened the Monday afternoon session with a talk on "Selling vs. Merchandising." He pointed out that since 1934, when there were but 10,353 estates that filed estate tax returns, the trust market has increased tremendously. Trust companies, he said, are getting less than 30 percent of the business from estates of \$60,000 and over; they are getting about 30 percent of the classification of estates that most need what the trust companies have to offer. During the past 19 years, he estimated, the trust companies have lost about \$50-billion worth of trust business they should have had.

"Trust service," he said, "must be sold through salesmanship. It cannot be sold by merchandising, but must be sold by one individual selling another on what trust service can do for him.

"If we are to penetrate this great market, we must develop real salesmanship . . . The trust business should adapt to its business the same sales techniques as are used by the insurance companies, mutual fund companies, and other businesses."

Building People

Speaking on "How to Keep Personnel Procedures Simple," Herbert H. Schwamb, vice-president in charge of personnel of J. C. Penney Company, Inc., New York, said that "while the main job of management is to run a profitable enterprise, to run a business profitably we need people, competent people, who willingly give their best efforts."

He said the most significant word in the whole lexicon of management is attitude. "First," he said, "I think we need to develop an attitude which will

With genial good humor, Stock Exchange President Funsion extends a greeting.

Seated, left, Mr. Edwards





President Brenton, speaking, emphasizes a point with gestures. Seated, left to right, Messrs. Casner, Maddox, and Charles E. Orcutt. The latter is assistant secretary, Trust Division

help us understand why people think and act as they do... In building our vast mass-production machine and our rapidly growing mass-distribution system, we overlooked a few vital parts. We forgot that management is more than the invention and improving and perfecting of things. Management is also the building of people and the formulation of sound principles that can be used to guide future growth."

Mr. Schwamb asserted that the whole program of human relations in his own company is based on the concept of "building a team." This concept he reduced to a six-step approach to the human relations program

(1) Plan the right organization; (2) select the right personnel; (3) pay the right salaries; (4) give the right training; (5) maintain the right relations; (6) give right daily leadership.

Security Selection

The balance of the afternoon was devoted to three question periods, when panel experts answered questions sent in by trustmen from all over the country. The panel on "Smaller Trust Departments" was led by Joseph M. Naughton, president, The Second National Bank of Cumberland, Maryland. One of the questions ably answered by this panel was "How are securities selected and reviewed for trust accounts?" and this is the composite answer:

Most small trust departments follow what is often called a "master list" of approved investments. The issues on such a list are usually chosen on the basis of careful statistical analysis based on reasonable specifications, and are often submitted to either investment counsel or correspondent banks, or both. It was brought out that there seems to be no small trust department that is now using a common trust fund. It was agreed that reviews for each trust account should be made more frequently than annually, that the infor-

mation on each security in each account should be kept simple and clear for submission to the trust investment committee, and that an attempt is made in all cases to design the form on which such information is submitted so that it can be used for several years. One bank reported that its review of an account is confined to two hand-written sheets, the first of which contains the basic specifications of characteristics of the trust instrument, and the second of which carries the name, cost, current market, and present income for each issue. It was further agreed that the nominee arrangement greatly simplifies the effort and cost of transferring securities into and out of individual trusts.

Serving on this panel with Mr. Naughton were: H. Leroy Austin, vice-president, Security Trust Company. Lexington, Kentucky; Charles F. Borgel, trust officer, First National Bank, York, Pennsylvania; Charles W. Eliason, Jr., vice-president and trust officer, Commercial National Bank of Peoria,

Illinois; and Robert J. Saner, vice-president and trust officer, Springfield (Illinois) Marine Bank.

Timing Common Trust Funds

Another panel, led by Charles F. Zukoski, Jr., answered questions on "Common Trust Funds." Mr. Zukoski is chairman of the Trust Division's Committee on Common Trust Funds and is senior vice-president and trust officer, First National Bank, Birmingham, Alabama.

Among the questions answered was this one: "Is there a 'best' time to start a common trust fund?"

Assuming that the question had reference to the fact that the economy is in a period of high prices in the stock market and that it would be unwise to start a fund with common stocks in it at present levels, the panel answered: "Any time is a good time to start a common trust fund, but the percentage of common stocks in which funds should be invested at the time the common fund is started should be adjusted to the level of the stock market."

Mr. Zukoski's associates on the panel included M. A. Georgen, cashier, City National Bank and Trust Co., Chicago; George F. Karch, vice-president, The Cleveland (Ohio) Trust Co.; Floyd O. Shelton, vice-president and trust officer, The Fort Worth (Texas) National Bank; and A. W. Whittlesey, vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia.

The third panel considered questions on "Employees' Trusts," and was led by Wallis B. Dunckel, chairman of the Trust Division's Committee on Employees' Trusts and vice-president of the Bankers Trust Company in New York.

Besides Mr. Dunckel, panel members were: Francis J. Amer, vice-president, The National City Bank of Cleveland; Carlysle A. Bethel, senior vice-president and senior trust officer, Wachovia Bank and Trust Co., Winston-Salem; Fred P. McKenzie, vice-president of The Han-

The Investments, Economics, and Business Outlook panel. Left to right, Messr-McCormack, Behrens, Adams, Gainsbrugh (speaking), Barelay, and Nadler



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Carlysle A. Bethel, chairman of the Trust Division's Committee on Taxation, and senior vice-president and senior trust officer of the Wachovia Bank and Trust Co., Winston-Salem, pointed to a number of improvements that have been made and other improvements that are needed in the income, gift, and estate tax laws in the opening talk on Tuesday morning.

"In the last decade or so," he said, "the zeal of some revenue authorities and courts seems to have been based on the premise that trusts are created only for the purpose of avoiding taxes. It is time that it is made more evident to members of the Government that long before there were any thoughts of Federal income, gift, and estate taxes, trusts were widely used for the conservation and management of all forms of property and to assure financial security for beneficiaries. Moreover, the inequities, inconsistencies, and uncertainties which appear to bedevil taxwise many bona fide trust transactions should be eliminated or at least reduced to a minimum. This is necessary if millions of dependents-minors; incompetents; persons lacking business experience; and others without the time, ability, or judgment to handle property-are to continue to have full use of the Anglo-Saxon concept of the trust device without bearing an improper share of the tax burden."

Profitable Operations

"Every experienced trust executive knows that the profitable operation of the trust department calls for something more than determining costs and increasing fees," said William G. Cleaver, vice-president and trust officer of The First National Bank and Trust Co., of New Haven, in an address on "Aids to Profitable Operations."

Continuing, he said:

"If that were all there is to it, we would soon price ourselves out of business for it would place a premium on wasteful methods and inefficiency, the cost of which would be saddled onto the public. In the final analysis, the overall policies determine trust profits. However, proper cost accounting will help shape these policies and show whether existing policies are, from a profit point of view, unsound.

"The emphasis should be first upon giving service of the highest quality and the employment of the most economical and efficient methods of operation. If these requirements have been met, operating costs will not be out of line; and it will be possible to arrive at rates of compensation which are equitable both to the customer and to the trust institution. Moreover, if the trust institution is questioned as to its charges by the customer or by a court of law, it will be able to produce cost figures and fully justify the compensation charged.

"We must continue to discover and develop new and better ways of doing

business.

"Perhaps the time has come to break away from the idea of handling every account as a custom-made job and introduce a streamlined standardized form of trust service for certain of the larger accounts to economize in operating expenses."

Economic Education

"Trust Officers Advance Toward

Speakers commanded the thoughtful attention of the audience



Leadership" was the title of the address presented by W. Harold Brenton, president of the American Bankers Association and of the State Bank of Des Moines, Des Moines, Iowa.

"What we need now," he said, "is economic education in order that the American citizens will be able to give informed support to sound leadership—the sound leadership which we expect our new Administration to give us ... Aggressive planning has already been started by a great number of alert people."

While speaking of steps taken by some businesses to sell the American free enterprise system to their officers and employees through economic schooling, Mr. Brenton asked: "What blueprints and plans do bankers have for the next 25 years?," stating that "it is important to have a plan."

"One of the greatest services that bankers today can offer their customers is the clarification of the issues before us," Mr. Brenton said. "We must do everything possible to show our people how to keep our economy stable..."

"You trustmen are in a key position," he continued, "to speak out concerning the monetary and business operations that affect the value of our dollar. You face daily, people who have entrusted you with the funds that furnish their spending money. When that fixed income depreciates through the lowered value of their dollar, then your best explanation is to point out some of the factors that are causing the lower purchasing power from their investment.

"If our citizens want to protect the future purchasing power of their dollar, they must understand these things and do their part."

Discretionary Trusts

"The Responsibilities of the Corporate Trustee With Respect to Discretionary Trusts" was the subject of A. James Casner, professor of law, Harvard University. After discussing the impact of specific types of discretionary trusts on the corporate trustee, under various sets of circumstances, Mr. Casner said:

"The greater danger I visualize in these cases of discretionary trusts of the type we are considering is one that is not going to be avoided by a determination of whether the corporate trustee in a particular case is or is not on the right side of the line under applicable trust law so far as a breach of trust is concerned. The greater danger is that the tax laws will be changed so as to make the income taxable to the spokesman for the family group which can be benefited whether such spokesman is paid the income or not, and that the tax laws will be changed so as to make the principal of the trust includible in the gross estate of the spokesman because of the power to pay him principal. Whether such changes in the tax laws are made will very likely depend on whether corporate



American Bar President Storey, standing, got off to a good start with a bit of humor. Seated, left to right, Messrs. Smith, Harris, and White

trustees generally establish a reputation of acting independently in the exercise of these discretionary powers. In other words, the general reputation of corporate trustees as a whole is the significant factor, not how you in your own backyard may be acting...

"I should like to point out that the lack of confidence in the independence of at least some corporate trustee has already been manifested in the regulations of the Treasury Department relating to the circumstances under which the income of an irrevocable inter vivos trust is taxable to the settlor, the socalled Clifford regulations. Under these regulations, if the corporate trustee (or any other trustee) is given a power to designate additional beneficiaries who may receive income or corpus, the income of the irrevocable inter viv s trust is taxable to the settlor, even though the settlor can in no way benefit from the trust or from any alteration of the trust . . ."

Outlook Panel Discussion

The fourth session of the Conference brought together in a panel discussion of Investments, Economics, and the Business Outlook several leading authorities. The panel leader, Dr. E. Sherman Adams, A.B.A. deputy manager, is in charge of the Association's Department of Monetary Policy. Panel members and their subject were: Dr. Marcus Nadler, professor of finance, New York University, who spoke on "Interest Rates and Governments"; Martin R. Gainsbrugh, chief economist, National Industrial Conference Board, Inc., New York, on "The Outlook for Business Conditions"; Buren H. McCormack, executive editor, Wall Street Journal, on "What We See in Business"; and R. C. Behrens, vice-president, St. Louis Union Trust Co., on "Trust Investments in 1953." After each speaker had made a brief presentation, the entire panel answered ques-

tions sent in by trustmen in advance of the meeting and additional questions from the floor.

Optimism About Future

"The Eisenhower Administration," said Dr. Adams in opening the discussion, "takes over the reins of Government at a time when production is breaking all previous records. Prices are stable. Unemployment is at the lowest level since the end of the war. Business is booming.

"These favorable conditions have generated a considerable amount of optimism about the future, especially among bankers and businessmen. There are some, however, who fear that we may be threatened by another wave of inflation. And on the other hand, there are those who fear that this most prolonged boom in our history may be nearing its end. After all, most bankers and businessmen were optimistic at the beginning of 1929—and again at the beginning of 1937.

"And so it is especially appropriate

that we should gather here to consider what the future may hold."

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Short-term Money Rates

The trend in short-term rates during 1953 will depend on the following factors, said Dr. Nadler:

"(1) The Movement of Commercial Loans: During the first half of the year seasonably, there should be a decline in this category of bank loans. If this should be the case, then the prime rate is not likely to increase and should remain unchanged for several months. A contraseasonal increase in commercial loans would lead to a higher rate.

"Bank loans during the year will be influenced by the decisions of manufacturers and distributors to accumulate or to liquidate inventories and by the tax payments . . A moderate reduction [in inventories volume] is likely to take place . . .

"(2) Debt Management: Since the floating debt of the Government is large, it is assumed that the Treasury will endeavor to reduce the amount of this type of debt. This can and should be done. The impact of such debt reduction on the short-term money market will depend on the type and magnitude of the refunding. If a considerable portion of the floating debt should be converted into medium- or long-term obligations, then, since the demand for short-term obligations by banks and industry is bound to remain large, short-term rates will decrease irrespective of the trend of long-term rates. The refunding of the February certificates should indicate the extent to which holders of these obligations will be influenced by an additional 4 of 1 percent. Other factors, too, such as the movement of currency and the attitude of foreign governments and central banks toward the future price of gold in terms of the dollar, will exercise an influence on the money market.

"From the above, one may therefore conclude that the principal force operating in the short-term money market during 1953 will be the credit policies of the Reserve authorities and debt management by the Treasury....

Time out from the serious for a good laugh



"Conclusion: Economic and monetary trends during 1953 will, to a large extent, be influenced by international developments. . . .

"This places a great responsibility on those who are in charge of the credit and debt management policies of the country. Because conditions are so nighly uncertain, it is of the utmost importance that the problems confronting these authorities be handled not with preconceived notions and ideas which may be highly suitable to normal times—the policies must remain flexible; and no definite pattern of interest rates or debt refunding should be adopted until conditions—international, political and economic—are much clearer than is the case at present."

Business Outlook

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"The body of economic and business opinion believes," said Mr. Gainsbrugh, "this [the February 1953] high-level stability will prevail at least until midyear, with a resolute minority still contending it should hold through 1953."

After reviewing "elements of strength, and of weakness," and "corrections ahead," he offered "five specific points which warrant consideration relative to the major postwar correction which so many believe still lies in store for us:

"(1) We enter 1953 at a high and rising level of economic activity. Such 'foreshadowing' statistics as we now possess show no immediate decline in prospect.

"(2) The momentum generated in the first half of 1953 may serve to carry us through all of 1953 at high-level operations, particularly when viewed against the sustaining forces of continuing peak expenditures by Govern-

"(3) What happens in late 1953 and beyond depends far more upon how we behave in the months immediately ahead than upon inherent weaknesses which have been read by some into our current cyclical position.

"(4) Private business has increasingly recognized that it must move promptly in the incipient stage of a downturn to avoid massive Government intervention at the later, spiraling stage of recession or depression. Such action includes programming of capital expenditures over the business cycle. It means price experimentation.

"(5) We have in recent years through the development of national economic accounting and related measures developed tools which enable us to determine even incipient business fluctuations. As a result, the opportunity to dampen down or mitigate the business cycle through private action is greater than ever before in our nation's history."

Editor's Viewpoint

"Almost all business in this country right now is very good," said Editor McCormack. "What's happening, it seems to me, is that we're riding a wave of free enterprise enthusiasm."



Some important personages at the Clearing House luncheon. Left to right, Representative Judd; Trust Division President Wilson; J. L. Robinson, member, Federal Reserve Board, Washington; and Clearing House President Nagle

After mentioning many favorable reports and predictions for 1953 from a variety of industrial enterprises, Mr. McCormack called attention to some of the more negative aspects of the picture, such as declining farm prices.

"Despite these few caution signs blinking along the business road," he said, "there's no doubt that right now business looks mighty good."

Investments

After reviewing at some length the Government's budgetary problems and policies and other economic and socialogical factors entering into the United States economy today, Mr. Behrens concluded:

"Summarizing briefly, it would appear that with unspent congressional appropriations of \$100-billion, substantial requirements for industrial construction and municipal improvements, and favorable business prospects, not to mention a modest rise in interest rates and the probable maintenance of a high level of dividend payments, the manager of a trust portfolio, while approaching his task with caution, can view 1953 with confidence."

Managing Business Concerns

Since it is fairly certain that sooner or later every trust department will have to take over the management of some small business enterprise, each department should plan in advance to meet that problem," Reese H. Harris, Jr., vice-president of The Hartford-Connecticut Trust Co., said in an address on "A Trust Department Makes Plans to Manage a Small Business."

"One plan you could have made would be to decide in advance that your bank will accept no such responsibility," said Mr. Harris. "I assure you that good reasons can be given for this position. In the first place, the legal hazards are considerable. Secondly, you face not only legal risks. Here is a field in which your public relations are very much in jeopardy. . . .

"... Pirst, consider the very inescapable fact that, when the sole owner and head of a business dies, somebody of necessity has got to come in at once and assume control, if only long enough to find a buyer for the business. We are professional executors of estates; and if we can't do this job, who in the community will? In the second place, bear in mind the circumstance that the deceased named you, had placed his trust in your capabilities, probably read your advertising, and may have been a good commercial customer. . . .

"The first part of your plan is to consider whether you will accept the responsibility. The second part of your plan is a tentative solution of the personnel problem which you will face. Your problem is to find, within your organization, a man who can spend most, if not all, of his time on this one assignment for a few weeks or even months. In my judgment his most important talent should be business factfinding....

"You will need also competent legal advice. The deceased's own attorney will most often be very helpful for obvious reasons. Do not hesitate, however, to use your own bank counsel as well.

"It seems to me that the third part of your plan should be this: that unless you find a good successor to the deceased for the management of the business within a comparatively short time, prolonged management by you is both unwise and unlikely. Even from the start your mind should be constantly

(CONTINUED ON PAGE 150)



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A fraction of the conference audience

What About the New Banking Climate?

A Report from the
5th National Credit Conference

WILLIAM P. BOGIE

ADMONITIONS to keep alert and watchful, and to be "nimble" in adjustment to unexpected changes tempered the generally optimistic view of the immediate future for banking and business in their new governmental climate, as expressed in talks before the Fifth National Credit Conference. There were numerous reminders, also, of the responsibilities of banking and business in their new-found "freedom."

This meeting of approximately a thousand bankers from all parts of the country was held in Chicago, at the LaSalle Hotel, on January 26, 27, and 28. It was sponsored by the American Bankers Association's Credit Policy Commission, under the chairmanship of Fred F. Florence, president, Republic National Bank, Dallas, Texas.

The purpose of the conference was to study probabilities in the business and economic picture, to give those attending it a chance to exchange ideas, and to collect opinions and facts that might guide individual banks in forming sound credit policies.

Subjects covered in the talks ranged from general aspects of credit extension to such specialized subjects as commercial lending in the South, mortgage problems, and lending to finance companies.

Some brief excerpts from the speeches are given in the following paragraphs:

At the Crossroads

A.B.A. President W. Harold Brenton, president, State Bank of Des Moines, Iowa, was the first speaker after the conference was welcomed to Chicago on behalf of the Chicago Clearing House. Speaking on "Our 1953 Goals," President Brenton said, in part:

"Let's take a look at the position banks occupy now. Since the last great depression, banks have steadily strengthened their position. They have moved forward to occupy a more prominent place in public respect. They have learned to be helpful to greater masses of people. They have made great progress in handling depositors' funds in a capable and ethical manner. Bankers have achieved these accomplishments by increasing their know-how and know-why and by conscientiously sticking to the banking business. Banks have learned to do an increasingly good job under favorable conditions. .

"Right now, banking is at the crossroads. There is a decision which must be made: Is one of the primary functions of banks to be able to give legitimate assistance to borrowers when such help is seriously needed? If the answer is yes, then much of the dependency which has been placed on government can be eliminated. . . .

"It is in the public interest that banks depend more upon themselves and less upon government. For example, the Federal Deposit Insurance Corporation has built a huge reserve fund to give support to banking. Assessments have been reduced, but many bankers are requesting further reduction. If banks are sufficiently encouraged to build adequate reserve funds for themselves, future assessments could be reduced or even eliminated. Thus, in one more way, banks could be

depending less upon government. . .

"My purpose in talking to you so frankly today is so that you may know about some of the current objectives of the American Bankers Association; also, that, through your many contacts, you can help with these plans.

"We believe that taxes must be reduced and the fiscal affairs of our Government placed on a more sound basis.

"We favor single taxation for all corporations, including banks.

"We urge the elimination of the excess profits tax.

"We will press for the establishment of an adequate reserve for losses.

"All of these are definitely in the public interest. Your courageous support of these efforts will further enhance the stature of banking in this country."

The Population Challenge

R. E. Wood, chairman of the board, Sears, Roebuck and Company, discussed "Basic Economic Changes in Our Economy," laying particular emphasis on the effect of our recent population growth, with its implication that by 1960 we will have a population of 175,000,000.

"It is not difficult to visualize," said General Wood, "the effect on our economy of an increase of 25,000,000 people, with the highest standard of living in the world. It means the factories of the United States have a continuously increasing outlet for their goods, that there is no overproduction, but that capacity will have to be increased. It means that within 10 years, the old problem of farm surpluses will disappear, with the possible exception of wheat and tobacco. It means a great





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Left to right in the two photos above: Philip R. Clarke, chairman, City National Bank and Trust Company, Chicago, who welcomed the bankers on behalf of the Chicago Clearing House; A.B.A. President W. Harold Brenton; Conference Chairman Fred F. Florence; R. E. Wood; Homer J. Livingston, president, First National Bank of Chicago

extension of all public facilities, highways, telephones, transportation, schools, churches. It means a demand for enormous amounts of capital. You bankers can revert to the role you played for 160 years, prior to 1930, of building up a great new country. . .

"This continuing and rapid growth of the United States presents a problem and a challenge to the bankers of the United States. With the credit resources of the United States in their hands, they must, on the one hand, aid this building up of our country; on the other hand, not use these resources in financing speculation. Our biggest problem and question mark is the matter of

I believe in the instalment credit. ability and judgment of our bankers to reach a new solution."

Keep an Open Mind

"I am not pessimistic of the future," said Wallace M. Davis, president, Hibernia National Bank, New Orleans. "I am convinced, however, that we are returning to conditions where the timeproven laws of business and economics will govern us. . . .

". . . One factor we should consider for its effect on our credit policies [is] the seasonal movement of bank loans. From my study of the 1952 figures, we

did not experience the seasonal decline in the early part of the year that was expected. This can be partially explained, though, in a substantial way by situations particularly identified with the expansion programs of industry, which went contrary to their seasonal movements for unusual and timely reasons. Those situations, as I have referred to them, together with an unof the traditional seasonal borrowings first half of 1953.

tax has been responsible for an unusual demand for loans; and if that tax is allowed to expire in June of 1953, the result should mean further liquidation.

"It is not my intention to sum this all up in a statement of what the credit policy of any particular bank should be. Our job, I think, is to learn all we can; increase our study of the facts as they come to us; and keep an open and a nimble mind."

The Size of a Bank

The size of a bank should be measured by its net worth rather than by its deposits, John J. Rowe, president of The Fifth Third Union Trust Company, Cincinnati, told the conference.

net worth and deposits in the banks of the country today is very, very wide. I cannot urge too strongly that banks as we enter this era of having a greatly changed administrative body in Wash-

usually large increase percentagewise the latter half of the year, should result in substantially declining totals in the "I believe, too, that the excess profits

"We all know that the spread between

Left to right: U. V. Wilcox; John J. Rowe; Session Chairman Frank C. Rathje, president, Chicago City Bank & Trust Company, and former president, A.B.A.; Wallace M. Davis ington, fight for earnings, for retained earnings, and build up a far better ratio on the average of net worth to de-

posits. . . .

"At the moment, I want to stress the fact that deposits have mounted in a remarkably close ratio to the mounting dollar volume of business, which leads me to make the statement that we banks are an integral part of the industrial life of this great nation, and that our deposits rise and fall with an advancing or receding economy. . . .

"... as Government bureaucracy increases inordinately, prices skyrocket; and the only cure, it seems to me, is less

government."

Washington View

Questions from the floor were answered by U. V. Wilcox, editor of Washington Banktrends, who drew on his long experience as a Washington writer and correspondent to comment on the new Administration's policies regarding interest rates, debt management, credit controls, and press conference techniques, and the attitude of some Washington reporters who have never had contact with any but a Democratic Administration.

He observed that bankers, since so many have been appointed to high positions by President Eisenhower, will be held partly responsible, along with politicians, for mistakes that are made. . . . He has found the new Treasury officials "friendly" in their thinking toward banking. . . . He believes that relations between the Treasury and the Federal Reserve will be "smooth," and that the latter's responsibilities for open market operations and credit management will not be allowed to conflict with Treasury debt management.

If Deflation Comes

Bankers at the conference were urged by E. Lawrence Worstall, president of Robert Morris Associates, to set up "a policy and mechanism to stimulate recovery early in the next deflationary period, when normally a restriction of credit would be experienced," similar to the way in which they acted to check inflation in 1951. Mr. Worstall is vicepresident of The Philadelphia National Bank.

"If we needed a Voluntary Credit Restraint Program in 1951, then we shall certainly need a policy and mechanism to stimulate recovery early in the next deflationary period when normally a restriction of credit would be experienced.

Let us not allow government to excel us in this respect. The planners will come forth with prodigious public

Left to right: E. Lawrence Worstall; William T. Taylor; William A. Blees; Session Chairman B. M. Harris, president, A.B.A. State Bank Division works projects and assistance programs. Why should not the banking system be ready with its own brand of remedy for business stagnation? Why should we be unprepared to shoulder at least part of the responsibility for shifting the economy back into high gear?...

"We must look ahead and give thought to the manner in which we shall handle ourselves and our loans in the next deflationary period. The key to this lies in our loaning policies today. If they are well conceived and executed now, with proper recognition to the adverse conditions under which we might have to operate, then we will do our job well.

"I do not wish to suggest, by these remarks, that any overly cautious policy should be pursued—that we should revert to the fearsome mood of the Thirties. If our institutions are to develop profitable new business and retain existing customers, we must guard against this evil as well as that of too great liberality."

Debt Policy Reexamination

"The Outlook for Bank Credit in 1953" was the subject of William T. Taylor, vice-president, Bankers Trust

Company, New York.

"I foresee," said Mr. Taylor, "a situation in 1953 where the postwar upward trend in business loans will continue but at a reduced rate. If business continues good, business loans are likely to show an increase from January 1 to December 31, but the rise is likely to be smaller than in 1952, which in turn was smaller than the increases which occurred in 1951. In regular, it would require an appreciable deterioration in business conditions to cause business loans to be lower at the end of 1953 than they were at the end of last year. . . ."

A Merchandising Revolution

To survive in the highly competitive market ahead, a dealer must make buying easy for his customers, said W. A. Blees, vice-president of the Avco Manufacturing Company and general sales manager of its Crosley Division.

"In the year 1953," Mr. Blees said,

"In the year 1953," Mr. Blees said,
"we will see a revolution in merchandising and selling in all types of business. Sales departments of companies
and retail merchants must be willing to
change, and recognize the new methods
and conditions under which we must
sell. More aggressive and well planned
advertising and promotions will be necessary but must pay their way by producing sales. Only those companies
which are well managed will be successful in the highly competitive markets
which we face.

"In this revolution which is taking place, it is going to be more necessary than ever that distributors, dealers, and factory should have very close rela-

tions with banks. . .

"All of us—manufacturers, distributors, and dealers—must keep our minds open and quickly adjust to the changing conditions without prejudice or clinging to past habits. Everything should be done to reduce the cost of distribution and increase the ease of buying. Those merchants who serve well will sell more."

Cycles Are Still with Us

The subject of "Real Estate Loans in 1953" was discussed by Joseph R. Jones, chairman of the Committee on Real Estate Mortgages of the Savings and Mortgage Division, A.B.A., and vice-president of the Security-First National Bank of Los Angeles.

"I wish that we could all be assured," said Mr. Jones, "that the day of cycles is past and that we never again need



fear a recession or depression of the real estate market. However, many of us are not convinced that such is the case. Certain danger signals are now appearing, and we cannot ignore them completely. We certainly do not want to see the realty market destroyed, nor be forced into a disastrous collapse. To prevent this, we who are entrusted with the lending program on real estate should cooperate to the fullest extent in attempting to stabilize this market so that the collapse will not occur. We should review our lending policies and practices now and unite in the effort to meet this problem. . . Let us not overextend ourselves in this period of great expansion, but let us keep a proper reserve of lending power for the time when our good customers may need our assistance to meet the shock of changing conditions. Let us now and in the future furnish the credit needed for all sound projects that will properly develop our own neighborhood and the nation of which we are all a part. But let us also be farsighted and courageous enough to say no to the unsound, speculative, and inflationary request for credit which every one of us here will find on our desk when we return to it tomorrow.'

What Makes America Strong?

Under Secretary of Commerce Walter Williams appeared on the program to discuss "Dynamic Equilibrium," the quality in our economy which has made the United States grow and prosper. Part of Mr. Williams' explanation of this quality was expressed as follows:

"Where is the secret of our great material strength? Partly in resources, to be sure; partly in the advantage of a great, diverse territory undivided by political barriers. But I come back to the manner in which dynamic forces operate in America to keep the economy

a little out of balance, always seeking an unattainable equilibrium and therefore always moving and progressing. This is true of other economies, too, but of none so true as our own. Again, why? Why are the forces of change stronger in America? And why is our economy so responsive to them?

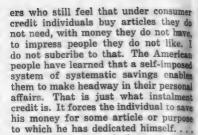
"Here I think we must go back to purely economic factors to the political and social climate in which they operate. The forces of change are strong because Americans believe in change and progress; because we believe in opportunity. Our standard of living rises in large part for two reasons: first, because we have a climate in which the leadership and imagination which contribute to higher living standards are encouraged and rewarded; second, because as consumers we demand that it rise, and we do so because we have been taught that every American may continually aspire to better things. America is not quite a classless society, but nowhere in the world are the lines of class less distinct and nowhere is there more movement among classes. Perhaps it can be summed up by saying that the forces of change are strong in America because we are free men. . .

"The strength and vigor of the American economy are key factors in a divided world. . . . I come back to this remarkable quality of our economy which I have called dynamic equilibrium, a quality fashioned from freedom and just as wonderful in its way as the ordered progression of natural phenomena. Here is the strength of America, and here is the hope of the free world."

A Time for Watchfulness

Vincent Yager, vice-president, Harris Trust and Savings Bank, Chicago, spoke to the conference on "Lending to Finance Companies." He said, in part:

"There may be a few die-hard bank-



"Because we have had a most excellent experience with the finance business, we have been given more frequent figures and more figures than in practically any other industry; we have been given loans at rates higher than other comparable situations; and we have received good balances. All of these things might have a tendency to cause us to be lax and give up some of the safeguards that we used to think of many years ago. These must be reinstituted; and we must remember that despite the excellent record, it is not a foolproof business. I am not at all saying that there will be another depression, or that it will be a consumer credit depression, as some say. I am not clairvoyant enough to predict those things, but I do know it is time for greater watchfulness than has been necessary in the last 15 years."

When Seeds Are Sown

Roy A. Foulke, vice-president of Dun & Bradstreet, New York, predicted, in the course of his talk on "Outlook for the Credit Executive":

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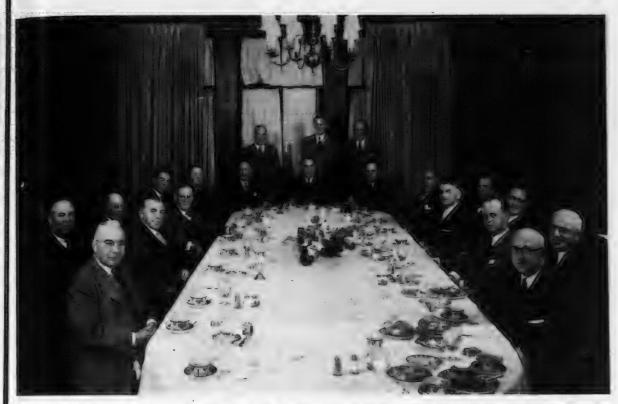
"All in all, the immediate outlook for business in this year of 1953 is bright. Awards of construction contracts, representing work to be done in the future, have continued on a high level. Labor is the most fully employed in our history on the highest hourly rates on record. Sales will continue at a high level; but competition will squeeze profits in the consumer goods industries at all levels—manufacturing, wholesaling, and retailing. In the hard goods industries producing for the Federal Government, the outlook is bright even if there might well be some cancellations, cut-backs, and stretch-outs. . . .

"The immediate outlook is bright with increasing sales, somewhat smaller profits due to the competition squeeze, with little change in wholesale or retail prices, high employment at the highest wage rates in history, a low rate of business failures (in 1952 they were 6 percent below 1951 and 17 percent below 1949), and a high backlog of orders in the hard goods industries producing for defense.

"These conditions are descriptive of boom conditions, but for how long no one knows. We must keep in mind that

Left to right: Joseph R. Jones; Vincent Yager; W. Walter Williams; Session Chairman William F. Kelly, executive vice-president, Pennsylvania Company for Banking and Trusts, Philadelphis, and chairman, A.B.A. Small Business Credit Commission; Roy A. Foulke





A dinner for a group of Chicago bankers was given at the Chicago Club on January 26 by Frank C. Rathje, president, Chicago City Bank and Trust Company, and a former president of the American Bankers Association. Clockwise around the table, starting at the near left corner are, seated: John C. Wright, president, La Salle National Bank, Chicago; William M. Spencer, director, La Salle National Bank, Chicago; David H. Reimers, president, The Live Stock National Bank, Chicago; Arthur T. Leonard, president, City National Bank and Trust Company, Chicago; George A. Malcolm, president, The Drovers National Bank, Chicago; Orval W. Adams, executive vice president, First National Bank of Salt Lake City; Homer J. Livingston, president, The First National Bank, Chicago; Fred F. Florence, president, Republic National Bank, Dallas; Mr. Rathje; W. Harold Brenton, president, American Bankers Association, and president, State Bank of Des Moines; Walter B. French, deputy manager, American Bankers Association; Carl A. Birdsall, president, Continental Illinois National Bank and Trust Company, Chicago; Joseph R. Frey, president, Lake Shore National Bank, Chicago; Solomou Byron Smith, executive vice-president, The Northern Trust Company, Chicago; Lester Armour, chairman of the board, Chicago National Bank, Chicago; Charles H. Albers, chief examiner and manager, Chicago Clearing House Association; George R. Boyles, president, Merchants National Bank, Chicago; standing: Horace S. French, president, Manufacturers National Bank, Chicago; Edward Damstra, cashier, Chicago City Bank and Trust Company; and Thomas J. Nugent, retired vice-president, First National Bank, Chicago

economic life is a fluctuating reality, and no way has yet been found to keep our economy or any other economy on a constant high level of activity. It is during boom periods that the seeds are always sown for the difficulties of the succeeding eventual downturn, and it is during periods of downward fluctuating activity that credit and financial problems increase and multiply. To the extent that such problems are anticipated by each of us in our daily work, the impact can be very materially lessened."

Problems: Farm Viewpoint

Charles B. Shuman who is president of the Illinois Agricultural Association, Chicago, had as his subject "Agriculture in 1953."

Pointing out end-of-year drops in the parity price ratio and the level of prices received by farmers, Mr. Shuman said:

"In all probability, the agricultural

scene in 1953 will be dominated by farmers' efforts to cope with an increasingly unfavorable phase of the price cycle. Historically, farm prices rise faster than other prices during periods of inflation and also go down more quickly and drop further than other prices during deflationary periods. Whether or not the present downward trend in farm prices has any long time significance of interest to you, as credit men, is for you and the economists to determine.

"Perhaps the greatest problem facing America is how to control or check the growth of big government. . . .

"The huge Federal Government that now threatens to destroy our free enterprise system is a result of our own demands. If we are serious in our desire to halt the ever continuing increase in the size and cost of the Federal Government, we must be willing to reduce these demands upon government for services and for special favors."

The Role of Government

A former president of the American Bankers Association, Orval W. Adams of Salt Lake City, spoke to the conference on the subject, "Yesterday, Today, and Tomorrow." Mr. Adams is executive vice-president of the First National Bank of Salt Lake City.

"We must never forget," Mr. Adams said, "that the Government of the United States is not the base of our financial structure, but only the superstructure. The base is the soundness and the integrity of the citizenry of the country. If the base disintegrates, the superstructure must collapse.

"The banks are not only the guardians of the funds of our depositors; they are also charged with the duty, whether we like it or not, of protecting our customers against themselves.

"America must maintain a sound and strong economy in order to survive. The achievements of American industry in

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peace and in war are a tribute to the resourcefulness, ingenuity, and know-how of business enterprise. Furthermore, despite the great strain under which our economy operated during the war years, it has demonstrated great vitality and flexibility, and is far from the decadent system that some quarters proclaim it to be. The propelling power is private initiative. . . .

"...let us not forget there can be no incentive to succeed by the individual if the country is not to survive; and here, as with respect to the individual, the truth remains that to survive means to live within your income."

Good, but Unspectacular

Dr. Paul W. McCracken, Professor of Business Conditions, University of Michigan, discussed "The Economic Picture for 1953." Here is the picture as he summarized it:

"Prospects for the current year seem to be shaping up something like this:

"(1) Business conditions generally look good for about as far ahead as we can ever see such things at all clearly.

"(2) When the sales reports are added up at the end of 1953, businesses will find that they sold about \$10-billion more output than in 1952. Stepped-up consumer spending will account for about \$6-billion of this, and increased government spending the remainder.

"(3) Because of additions to productive facilities in virtually all lines, businesses will be able to produce roughly \$15-billion more output this year than in 1952. Thus more can be produced this year than people will readily be inclined to buy. This will almost certainly mean sufficiently intensified competition to hold the price level quite stable; it might even drift slightly downward.

"(4) This all adds up to another good though somewhat unspectacular year

for banking. Once again the demand for loans should be brisk; deposits should rise slightly; and net earnings should show some further improvement over 1952 for most banks. The more competitive situation which seems to be emerging will, of course, separate the men from the boys in many lines. Lending officers will need to be more than ordinarily careful, of course, that they bet their loans on the men and not the boys."

Banking's Opportunity

The conference chairman, Mr. Florence, summarized the two-and-one-half-day meeting when he said:

"Those of you who have attended previous national credit conferences must have noted that the credit atmosphere today is much less tense than perhaps at any time in the postwar period. Our previous conferences were

Left to right; Session Chairman T. Allen Glenn, Jr., president, Peoples National Bank, Norristown, Pennsylvania, and president, A.B.A. National Bank Division; former A.B.A. President C. W. Bailey, president, First National Bank, Clarksville, Tennessee; Paul W. Mc-Cracken; former A.B.A. President Orval W. Adams; C. B. Shuman

held under circumstances when selective and other credit controls occupied much of the attention of our speakers. This program has been completely devoid of such aspects. Instead, we find that the credit operations of the banks are now free to move with greater flexibility in one direction or the other within the framework of overall monetary policy laid down by the credit authorities.

"To me, this change is the most significant fact in the credit picture today; and it carries tremendous implications for banking now and in the future....

"Banking today has a golden opportunity to do a statesmanlike job in the granting of credit. If we fumble the ball, we cannot expect for long to retain the newly reacquired freedom which only recently has returned to our lending operations. It is hoped, therefore, that this conference has alerted you to your responsibilities for the sound application of credit. . . .

"I have been impressed by the fundamental undertone of confidence toward the future....

"However, I have observed that along with this undertone of confidence, this conference has reflected an atmosphere of caution which appears to be dictated by good judgment and a desire to keep banking's credit house in order....

"Our country has been unmistakably buoyed up by the changed political atmosphere; and all along the line there are signs of encouragement, optimism, and faith in our ability as a nation to move steadily forward. The challenge to banking is to make its essential contribution toward this end."

In the LaSalle's 19th floor foyer







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To help you determine the amount of coverage you need, your Indemnity Agent will be happy to give you a handy Bankers' Automatic Calculator. You can find the suggested amount of Bankers' Blanket Bond coverage, as recommended by the American Bankers

Association, simply by manipulating the card in the slot. The amount slides instantly and easily into view.

This convenient desk device is free, of course. Talk over your Bankers' Blanket Bond with the Indemnity Agent—make sure it gives you full protection against all insurable hazards. And ask your Agent for your copy of the Bankers' Automatic Calculator.



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The Importance of Business Audits

JOHN L. CAREY

Executive Director,
American Institute of Accountants

Bankers and accountants have a common interest in the usefulness of audited financial statements for bank credit purposes. This mutual concern has become increasingly apparent in the past few years and is resulting in many positive steps toward cooperation.

The most significant actions recently taken are:

(1) Adoption in 1949 by the American Institute of Accountants, national professional society of certified public accounts, of Statement 23 on Auditing Procedure, requiring the CPA to state his position plainly on financial statements with which his name is associated.

(2) Publication in 1950 by AIA of a booklet, Audits by Certified Public Accountants—Their Nature and Significance, for the information of credit grantors and others interested in auditing procedures, since distributed to 15,000 banks.

(3) Publication by the Robert Morris Associates in 1951 of a booklet, Financial Statements for Bank Credit Purposes, outlining for the businessman the financial information generally required by bankers, and recommending that it be submitted in a comprehensive audit report by an independent certified public accountant.

(4) Arrangements currently being made between state societies of CPAs and individual banks for a survey of accountants' reports submitted to banks with credit applications.

Clarifying the Auditor's Position

The purpose of Statement 23 is to make the CPA's position clear at all times. It is no longer considered proper for him to sign a report which merely describes the work done without expressing or disclaiming an opinion.

Now, when a CPA's name appears in connection with financial statements, he must indicate his position with (1) an unqualified opinion, (2) a qualified opinion, (3) an explicit denial of opinion, or (4), when no

report is made, a notation to the effect that the statements have been "prepared from the books without audit."

This distinction is important to a banker considering a loan application. The lack of an opinion by the CPA is a danger signal of which bankers should be especially aware. It usually indicates that the terms of the audit engagement have not provided for all the tests the CPA considers necessary before expressing an opinion on the financial statements. The Robert Morris Associates' booklet points out:

"The certified public accountant cannot be expected to do more than his client authorizes, for the accountant is also a businessman and must be adequately paid for the services he renders. If the scope of his audit is unduly restricted, he cannot render the most effective service of which he is capable. For this reason, unrestricted audit engagements are recommended. Their cost

should be regarded as a normal operating expense necessary to good management."

A Typical Report

The businessman must know that the financial statements upon which he bases his management decisions are reliable. Likewise the banker must know that he can have confidence in the financial statements of a prospective borrower. The best assurance for both is the report of the certified public accountant—an independent practitioner whose responsibility is to the public as well as to his client.

Although the CPA usually helps prepare the balance sheet, income statement and other financial statements for his client, business management has the basic responsibility for these documents. It is his own report on these statements for which the CPA takes personal responsibility. The following is a typical unqualified short-form report, illustrating language which is also generally incorporated in a long-form report:

"We have examined the balance sheet of X Company as of December 31, 19—, and the related statement(s) of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

"In our opinion, the accompanying balance sheet and statement(s) of income and surplus present fairly the financial position of X Company at December 31, 19—, and the results of its operations for the year then ended, in conformity with that of the preceding year."

Sometimes the CPA is not able to give an unqualified opinion. This may be due to the unwillingness of his client to authorize all the auditing procedures the CPA considers

(CONTINUED ON PAGE 116)



"I feel sorry for him! They lock him in there and he can't go home when the rest do!"

No. 38 IN A SERIES OF FARM COMMUNITY BUILDER STORIES...

"Turkey Loans Are Safe and Profitable-IF..". E. D. Gaskins (right) has found two "field men" who help him keep turkey loans on a business basis. They are Purina Dealer J. Earl Griffin (left) and Salesman J. V. McAllister.

E. D. Gaskins, executive vice president of the American Bank and Trust Company, Monroe, N. C., is proud to have helped develop a profitable turkey-growing industry in his community. Like most bankers, he was shy of poultry paper until he became convinced that it could be both profitable and low in risk—if properly controlled.

Two men who have helped Mr. Gaskins provide that control are the Purina Dealer and Salesman shown in the picture. They, too, are interested in a sound, profitable turkey-growing industry. And they visit every grower often to make sure he is following a feeding, sanitation and management program that will keep the birds living and growing profitably.

Besides control of the growing operation, Mr. Gaskins selects good risks by getting these facts on a standard form before a loan is made:

- Simple statement from the farmer of what he owns and owes.
- 2. How much of the farmer's own money is going into the feeding operation?
- 3. Does he have good equipment and water supply?
- 4. Will he follow a sound feeding and sanitation program?

PARTNERS IN PROSPERITY

Many bankers are proud of the prosperity they bring to farming communities by sound financing of feeding operations in dairy, cattle, hogs, broilers, poultry and turkeys. If you are such a man, you will find your Purina Dealer and Salesman glad to work with you on a business-like basis. Your salesman has a portfolio of forms and finance plans that have proved sound and profitable for other bankers. If you'll call your Purina Dealer—the Store with the Checkerboard Sign—he'll be glad to have the salesman call without any feeling of obligation.

RALSTON PURINA COMPANY
ST. LOUIS 2, MO.



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Rand M^cNally has developed a new combination filing and posting system which effects tremendous savings in record keeping time. First tested and proved in a large Chicago bank, now more than half a million Christmas Club accounts are being kept on CLUBTROLLERS.

The CLUBTROLLER Pocket Filing Sheet system eliminates all need for maintaining ledger cards or ledger sheets. The use of the COUPON itself, which carries all the necessary ledger information, including date of payment, account number, payment number and accumulated balance, serves as a perfect posting record when filed in the CLUBTROLLER.

Sorting of the coupons is reduced 90%! Coupons need only be sorted by color for each class, then by 100s. Thereafter it is a very simple and speedy operation to insert the coupons of each 100-group into the correct pockets since all are in view and easy to reach at one time. Thus the time-consuming numerical sequence sorting is eliminated.

This new system will save time and money for your bank — write for further details on the Clubtroller System and on Rand McNally's full line of Christmas Club Supplies.

RAND MENALLY & COMPANY CHRISTMAS CLUB DIVISION 111 EIGHTH AVENUE, NEW YORK 11 P. O. BOX 7600, CHICAGO 80

(CONTINUED FROM PAGE 114)

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necessary to form such an opinion. When this is the case, the remedy is in the hands of the client. Other reasons for not giving an unqualified opinion might include the use by the client of accounting practices at variance with generally accepted accounting principles, the existence of uncertain items such as disputed tax claims, or an inconsistency from one year to another in the application of accounting principles. The CPA may then express a qualified opinion, stating his reservations or exceptions.

Whenever the reservations or exceptions are such as to destroy the significance of any opinion, the CPA must state that he is unable to express an opinion on the over-all fairness of the financial statements and must give his reasons. He may then, if he considers it appropriate, proceed to express an opinion limited to those parts of the financial statements with which he is satisfied.

Of course, the unqualified opinion is always to be desired. It is the banker who often holds the key to the situation. Bankers have sometimes accepted the CPA's name on a statement as sufficient evidence of its validity, without examining it closely to see whether an unqualified opinion has been expressed.

When financial statements are submitted in support of a loan application and the CPA refrains from expressing an opinion because of restrictions placed on the scope of the audit, the banker is wise in most cases to insist that the applicant permit an unrestricted audit which will allow the CPA to express an unqualified opinion. Bankers can also strengthen the hands of CPAs who are living up to the letter of Statement 23 by pointing out to their clients the fact that a CPA's name on a financial statement has little value for credit purposes unless an opinion is given.

Survey of Audit Reports

The mutual interest of bankers and accountants in business audits has prompted a further cooperative step to assure greater usefulness of financial statements for bank credit purposes.

The American Institute of Accountants, with the cooperation of the Robert Morris Associates, is sponsoring a survey of accountants

reports submitted to banks with redit applications. State societies of CPAs in 28 states have agreed to cooperate in the survey by distributing questionnaires to nearly 500 banks. Questionnaires are being supplied for the analysis of at least 12,500 audit reports.

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The questions, each of which can be answered with a check mark, are designed to reveal the extent to which audit reports comply in certain important respects with generally accepted auditing standards and procedures. They ask if the audit report shows

(1) Whether the accounts receivable were confirmed by direct communication with the debtor.

(2) Whether the counting of inventory on hand was observed by the accountant.

(3) Whether the accountant used other methods to satisfy himself as to the receivables and inventories.

(4) Whether the accountant specifically expressed or denied an opinion on the over-all fairness of the financial statements.

Other questions will provide information as to the comparative number of long- and short-form reports, the materiality of items concerned, and reasons given for omitting certain procedures. The replies will be tabulated to show the extent of compliance with certain generally accepted standards and procedures by certified and noncertified public accountants, and by members and nonmembers of the AIA.

Report Scheduled for 1954

After tabulation of the questionnaires and analysis of the results. the report should be ready in 1954, when it will receive consideration by the AIA committee on auditing pro-

The survey should contribute greatly toward making audit reports more useful to credit grantors. As an important by-product, the planning and conducting of the survey is bound to stimulate further cooperation between bankers and accountants.

Give a government enough rope and it will tie up the whole country.



Why didn't someone call this to my attention?

All presidents will say, "We are in business to give the finest service to our customers and make money, too. When an expense item such as our check book covers can be improved, and yet be purchased more economically, let's take advantage of this opportunity. By all means look at samples of DURA-GRIP Check Book Covers."



ATTENTION CASHIERS AND SUPPLY BUYERS! Write or wire for samples of DURA-GRIP Check Book Covers today. You economize with DURA-GRIP three ways: your initial cost will be low, your replacement cost will be less, and you save by eliminating the cost of the tongue on the check filler.

DISTRIBUTED BY:

BUSHONG COMPANY, Portland, Oregon CLARKE & COURTS, Houston, Beaumont, Dallas, Galveston and Harlingen, Texas; Lafayette, La.
THE COLUMBUS BANK NOTE COMPANY, Columbus, Ohio

H. S. CROCKER CO. INC., Los Angeles and San Francisco, Calif. CURTIS 1000 INC., St. Paul Minn. CURTIS 1000 INC.; St. Paul Minn.
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810 East Third Street Las Angeles 54, California

Methods and Ideas

(CONTINUED FROM PAGE 57)

drawn on a different bank. Another credits the employee's pay to checking accounts on the books of the employer bank. A separate ledger is maintained. The staffer can withdraw his balance as desired.

Stationery and Supplies. Centralize the responsibility for planning and approving forms that come up for reprinting. The person in charge should be familiar with paper, use of carbon, and whether the form is to be filled in manually or mechanically.

Make one person responsible for the storage and control of forms, which should be kept under lock. Too many supply departments operate like a free lunch counter.

Other Suggestions. Sorting devices in the bookkeeping department assist in fine-sorting checks. . . . Templates that fit over the keyboard of a proof machine make it possible to change the key labels easily and quickly. . . . Encourage customers who deposit a large number of checks at one time to spread the deposits over the day. . . . Employment of part-time tellers for peak periods will help keep your force reduced to a minimum during slack periods. . . . Land Title has been experimenting with a device that cuts and inserts in a card, any size, one or more exposures from a roll of film. This enables the bank to file a roll, after it's been cut and mounted, in any order desired. . . . It's possible that resolutions, powers of attorney, or other pertinent records can be photographed and filed in branches, thus providing a complete reference file

"With an aggressive, imaginative supervisor and the support of top management, the success of your streamlining efforts is assured," said Mr. Uhl. "Once you've started, you're on your way."



AN EASTER PROMOTION

Crawford County Trust Company, Meadville, Pa., found an Easter egg decorating contest for school children so successful last year that it's repeating the event this year. The 1952 competition attracted 172 entries, which were displayed in the bank on an evening just before Easter and viewed by 1,000 visitors, a few of whom are pictured. A costumed rabbit gave candy to children; adults got souvenirs, too. "We had many compliments on this promotion," says Assistant Secretary Norman A. Hodgson

Audits and Controls

Too many bank directors and officers are still inclined to think of auditing as a frill—something it would be nice to have, some day, when they are bigger, or older, or more prosperous—said Robert C. Masters, assistant director, Division of Examinations, Federal Reserve System.

Too many bankers, also, still feel they may rely upon the assumed protection of periodic examinations by supervisory authorities.

Directors don't need to be sold on the desirability of comprehensive and protective audit and control activities in their banks so much as they need to be told. Keeping directors informed is an undertaking that demands continuing effort.

The well-designed audit and control program, capably administered,

serves several desirable purposes:

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(1) It's protective. By establishing reasonable proofs that the liabilities to depositors and other creditors are correctly reflected by the records, that the assets are in actual existence and properly carried on the books, that earnings and expenses are as reported, and that there has been no falsification of the records or concealment of embezzlement, a fundamental protective feature is provided.

(2) It improves performance. By providing an additional cheek on the efficiency and accuracy of the daily work, it detects innocent errors which normally occur in volume routine transactions.

(3) It discourages dishonesty. The program is a restraining influence on those who otherwise might yield to temptation. And it's a preventive measure with respect to avoidable errors and losses.

(4) It strengthens management. By checking compliance with applicable laws and regulations and institutional policy, and by suggesting improvements in operating methods and control practices, the program helps directors obtain the knowledge of operations and operating results essential to their directive and policy-naming responsibilities.

(CONTINUED ON PAGE 120)

Check Collection Survey

James H. Kennedy, vice-president and cashier of The Philadelphia National Bank, reported to the clinic on the national check collection survey being made jointly by the American Bankers Association, the Association of Reserve City Bankers, and the Federal Reserve banks. Mr. Kennedy, an A.B.A. member of the

committee directing the project, summarized information received in the questionnaire sent to the nation's banks and cited helpful recommendations for improving the check collection procedure.

It is expected that the committee will soon issue an interim report on its work.

Remington Rand Methods News

New Plan Solves Need for Simplified Trust Accounting

Trust Accounting has long been recognized as one of the major bookkeeping problems of any bank. In an effort to iron out some of the common difficulties, Remington Rand's Bank Department has prepared new accounting machine procedures for trust departments. This covers the normal routines in trust accounting and includes illustrations of recommended forms, flow charts, and descriptions of the necessary machines and equipment. Take advantage of these new developments in Trust Accounting. The material is available on loan to your bank. Ask for the Management Controller on Trust Accounting, MC 801, at your nearest Remington Rand Business Equipment Center.



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Bank Increases Typing Output Decreases Costs with Remington Electri-conomy

Banks must save too! And a prominent Midwestern bank is realizing substantial savings in time, work and money since the arrival of their Remington Electri-conomy Typewriter-the electric typewriter that turns out letters, advices, and multiple carbon copies with greater ease, greater speed. Whether they need one copy or many, Electri-conomy does the work just as quickly, just as efficiently. Their reports in particular - so important in banking-have taken on a new, sharp distinctiveness in appearance. Why not make an Electri-conomy Test today. and learn how your bank, too, can start saving the Electri-conomy way. For full particulars ask for free folder RE 8499 and free insert RE 8528.



Dual Film-a-record Performs Many Microfilm Functions

Microfilming of ledger cards, mortgages, wills and other large-sized archive documents is just one profitable plus job performed by the 10 Dual Film-a-records installed at this forward-looking bank. This, of course, in addition to the standard function of high-speed microfilming of checks. Records and reports up to 15" wide are microfilmed faster (with easier reference, too) because no folding is required. Legal-sized documents can be fed with their longest dimension across the film to save time and space. And every record fed into the machine appears on the film because Dual's exclusive document separator prevents any overlap. Give your bank the opportunity to apply these money-making features found only in Dual Film-a-record. For full particulars, ask for free folder F 264.

New Machine Speeds Figuring in Every Phase of Bank Operation

This whole "revolution" started because of a wartime turnover in proof machine operators. In order to train a reserve of clerks who would be familiar with the ten-key keyboard of the proof machine, one bank purchased a Remington Rand ten-key figuring machine. Next, a bank officer was surprised at the speed with which an inexperienced clerk could list checks on this touchmethod machine. A test showed she was much faster than an experienced operator on the standard adding machine which required repeated turning of the eyes from the media to the keyboard. Further tests showed an average gain of 50% in speed on all kinds of listings. Soon the entire transit and proof departments were converted to the tenkey method with the simplified keyboard. Finally, the ten-key method was adopted for analysis of accounts. With the Remington Rand Printing Calculator, a simple procedure was worked out for obtaining average daily float, average daily balance, and net service charge to the customer. Let us give you the complete story on methods and results, as told by an officer of the bank. Ask for case history folder AC 604.

Remington Rand

Management Controls Reference Library
Room 1804, 315 Fearth Ave.,
New York 10, N. Y.

Please circle literature desired:

MC 801 AC 604 F 264

RE 8499 RE 8528

Name...

Title...

Firm____

Address.

City_____ Zone__ State____

(CONTINUED FROM PAGE 118)

Mr. Masters listed five principal reasons why many banks fail to provide for satisfactory audits: Unwillingness to meet the cost; dependence upon internal control; dependence upon director's examinations; dependence upon supervisory examinations; and indifference to responsibilities or failure to recognize the dangers involved.

Federal Taxes

Taxes are the largest item in operating expenses, and bankers

must either have a fairly good working knowledge of tax law and its implications or hire experts who can guide them, said William H. Hurtzman, vice-president and comptroller, First National Bank of Philadelphia.

Bankers can no longer wait until the yearend before considering their tax problems. Taxes affect every daily transaction, and often, by proper timing, many tax dollars can be saved.

There are two ways for bankers to help themselves taxwise: First, by assisting such organizations as the PBA, the A.B.A., and NABAC in placing legislation before the authorities that will help adjust tax inequities; second, by proper tax planning in such matters as the effect of profits and losses on securities, proper control of expense accounts, switching from fully or partially taxable securities to tax exempts, the question of borrowed capital for excess profits tax purposes.

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Insurance Coverage and Costs

THE bank can't evaluate the cost of its insurance until it has thoroughly surveyed the hazards, Thomas F. Glavey, second vice-president of The Chase National Bank, New York, told the clinic. A premium paid for unnecessary or inadequate insurance is a waste of funds.

If the bank is certain that it has a proper insurance program, the knowledge acquired in making the survey can be put to good use. Many loan transactions depend on insurance for their safety. Too often this fact is overlooked. However, it isn't likely to be overlooked if the bank has made a thorough survey of insurable perils in order to evaluate its own exposure. This doesn't mean that someone in the bank must become an insurance expert; but it does mean that someone must seriously consider the uncontrollable hazards that could cause serious

Once the bank recognizes the haz-

The First National Bank of Clinton, Okla., demonstrated its community spirit by giving the town \$1,400 for the purchase of new street markers. In the picture, Vice-president D. D. Moore, left, hands the check to Mayor Meacham. Front, left, Cashier F. A. Sewell, head of the chamber of commerce marker committee, and Ted Savage, back row, right, chamber secretary



COLOMBIA MEANS BUSINESS

LET US HELP YOU INCREASE YOURS

OPPORTUNITIES in Colombia for U. S. business are increasing every year. Trade connections are becoming more profitable. With an eye on your business future there, why not let us assist you with your collections and letters of credit?

For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 29 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

In fact whatever your requirements, we have special departments handling every phase and facility of banking. More and more progressive U. S. banks and business firms are making use of our extensive organization established for over 40 years.

We invite your inquiries.

BANCO COMERCIAL ANTIQUEÑO

Established 1912

Cable address for all offices - Bancoquia

Capital paid-up: \$20,0 Surplus: \$15,0 Other reserves: \$6,8

\$20,000,000 — Pesos Colombian. \$15,000,000 — Pesos Colombian. \$6,858,000 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (3), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Dasqué, Magangué, Manizaies, Medellín (1), Monteria, Nelva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (8).

New York Representative-Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

ards, it's in a position to take advantage of the technical insurance advice available from a competent agent. A good insurance program, from the standpoint of protection and cost, depends upon close cooperation between the banker who has studied the hazards of his institution and the insurance agent who is technically proficient in providing the coverage.

Directors' Responsibility

The directors of all banks should realize the serious nature of their responsibility, for they not only have a moral obligation to see that the bank's employees are reasonably protected from temptation, but they have a legal liability for negligence, said R. Ernest Lightbown, auditor, Mellon National Bank and Trust Company, Pittsburgh.

Provision of adequate operational safeguards and controls is part of the responsibility of directors and bank management. Directors should see that their banks are protected by having an auditor or audit program.

Directors and management must not rely solely on examinations by bank examiners to perform the audit function. There's no overlapping of duties between the examiners and the audit. The former are in the small banks only a few days each year. On the other hand, the audit program should be continuous, dealing with daily transactions. The examiners can't take the time, nor would you want them to do so.

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Bank Ties in With Industry

THE FIRST NATIONAL BANK of Mc-Keesport, Pennsylvania, has a new type folder for the sale of its services. It links the bank with the big industries of the area.

On the cover is a drawing of an industrial skyline. McKeesport is identified as the "tube and steel center of the world"—home of General Motors, U. S. Steel, Kelsey Hayes Wheel, Westinghouse, and several other large companies.

Inside is an invitation to use the bank's services, which are briefly described.

Making Friends for a New

MELLON NATIONAL BANK AND TRUST COMPANY, Pittsburgh, made many friends for its new

Gateway Center office by publishing, in advance of the opening, a triweekly news bulletin for potential residents of the three-building skyscraper at the "Point" of the city's Golden Triangle.

The Bulletin was the idea of Andrew J. Huglin, vice-president and office manager. While construction work was in progress last spring he wondered about his future neighbors and the buildings' physical features. Then it occurred to him that other people must be asking themselves the same questions. Here, he thought, was an opportunity for the

new Mellon office to provide an additional service to its neighbors and at the same time establish its friendliness and helpfulness.

The result was the first issue of a newsy little publication that provided interesting statistical information about the new buildings and the companies that were to occupy them. Two thousand copies of the first issue attracted so much attention that the circulation nearly doubled, and prior to the new branch's open house 26,500 copies had been circulated in the eight issues published. Only in the final

AFTER DECONTROL—What?

- (a) Will your bank increase service charges on personal checking accounts?
- (b) What is the proper relationship between charges for Regular personal checking accounts and Special checking accounts?

Having specialized for years in the field of low-cost checking accounts, let us discuss—without obligation—methods for improvement in your operations; how to eliminate "loss" accounts without adding a monthly service charge; and how to double or triple the number of accounts on your books.

BANKERS DEVELOPMENT CORPORATION

Sponsors of "ThriftiCheck"

100 Park Avenue, New York 17, N. Y. LExington 2-2490

number did the bank refer to itself, except in the masthead. In No. 8 there was a story on the official opening of the Gateway Center office and the services that were available there.

"The News Bulletin proved to be a means through which we could demonstrate, through action, our personal interest in our customers and our neighbors," says Mr. Huglin.

"That this approach is sound is clearly demonstrated by the volume of business we have done both before and after our opening."

Home Town Scenes

The National Bank of Smyrna, Delaware, is sponsoring a newspaper advertising series that features pictures and stories of local scenes and businesses (non-customers' as well as customers').

Entitled "Know Your Smyrna," the series makes an interesting scrapbook of the old town's life, past and present. The purpose is to bring to the public informative and historical facts that quietly emphasize the continuity of life in the community. There's no commercial

copy—only the bank's signature and the words "Your Local Bank . . . More Than a Century of Service."

The photographs show dwellings, churches, inns, fire houses, filling stations, retail stores, etc. Under each, about a hundred words of copy report data about the enterprise or building.

A 12-Page Promotion

THE WINONA (Minnesota) NATIONAL AND SAVINGS BANK'S opening of its remodeled building was accompanied by a 12-page souvenir section of the local newspaper.

The bank's new home, which includes "the finest museum in the city," was described in detail.

The museum was installed through the courtesy of Mrs. E. L. King, whose extensive Americana collection is displayed in mezzanine space. Mrs. King is the widow of the bank's late president. His collection of big game trophies is also exhibited.

Potted Plants as Give-aways

DELAWARE TRUST COMPANY, Wilmington, has an idea that's worth passing along.

"One of the most difficult quests in banking," says Vice - President Charles A. Robinson, "is the search for give-aways that are fresh, popular, enduring, and inexpensive. We found one solution that's ideal.

(CONTINUED ON PAGE 124)

One of the plants given away by the Delaware Trust Company



WHETHER YOU'RE A CORRESPONDENT BANK OR NOT:

Give Us A Job To Do

Send us your toughest problem . . .

Phone LAfayette 3-6800, ask for Correspondent
Banking Service and get action—fast!

The National Shawmut Bank

40 Water Street, Boston

Capital \$10,000,000

Surplus \$20,000,000

Member Federal Deposit Insurance Corporation

MUTUAL INVESTMENT FUNDS

Investors MUTUAL

Investors stock fund
Investors selective fund

FACE-AMOUNT CERTIFICATE COMPANY

Investors syndicate of america

Prospectuses of these companies available at offices in 148 principal cities of the United States or from the national distributor and investment manager.

Investors diversified services, inc.

MINNEAPOLIS 2, MINN.

(Established in 1894 as Investors Syndicate)

How to get <u>More</u> NEW DEPOSITORS

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YOUR BANK
NAME
YOUR ADDRESS

The Screen Broadcast Companies

Motion Picture
Advertising Service Co., Inc.
1032 Carondelet St., New Orleans, La.

United Film Service, Inc. 2449 Charlotte St., Kansas City, Mo. Members of Movie Advertising Bureau SIGHT, SOUND and ACTION—the most powerful forces in advertising—go to work for you when you use SPOT MOVIE ADS in your local theatres. These talking pictures sell what you sell. They show live-action scenes, like the one at left, dramatizing the importance of regular saving—the advantages of a personal checking account—the friendliness and convenience of your banking services.

YOUR NAME ON THE SCREEN . . . The last 1/3 of each film displays your Bank's name, address and special selling message on the giant screen. It's a hard-hitting way of keeping your name before the public.

REACH YOUR BEST PROSPECTS — AT ROCK-BOTTOM COST. SPOT MOVIE ADS are shown in local theatres that you select. They reach people in your trading area—your very best prospects. On the average, 3 people will get the powerful impact of your sales message for every penny you spend.

United Film Service, Inc.
Dept. 8A-1
2449 Charlotte St., Kansas City 8, Mo.
Please send me more information on Spot Movie Ads.
Firm
Address
City Zone State





Fred F. Florence, president of the Republic National Bank of Dallas, with Jo Ann York and Bill Earnest, the two top award winners in the annual feature story writing contest sponsored by the bank for students. The topic was "Thrift Habits of Dallasites." Prizes total \$650

(CONTINUED FROM PAGE 122)

"A nearby nursery that specializes in tropical water-grown foliage plants supplies us with quantities individually potted, bagged in cellophane, and saddle labeled with our compliments, at less than 25 cents each.

"We have given them away with a free hand at three branch offices during the last six months, and are going to do it again. Our original plan was to use a different gift at each successive opening, but these little plants went over so surprisingly well that we decided to stay with them. They'll thrive for years, and have to be kept in open view.

"They're seen everywhere - in homes, garages, stores, offices, schools, and even in other banks. Living, growing things seem such appropriate mementoes of a bank opening, and they certainly draw more human interest than the usual gimmick."

In Brief

THE AMERICAN NATIONAL BANK of Denver reports that it has been commended for a New Year's Day ad calling for a renewed dedication to faith, hope and charity. "On that firm foundation," said the copy, "may we all resolve to enter this vear of decision with a spirit of courage, confidence, and cooperation."

School childrens' displays on Lincoln and Washington were shown in February in the windows of an office of the Greenpoint Savings Bank, Brooklyn. The bank paid for the materials and awarded prizes.

70 Self-Propelled value 70 Self-Propelled — value priced for medium acreages. 24 forward speeds, mechanical speed selector, 24 incheologimer, electric table lift, patented vertical feeder, 45-bushel tank plus Massey-Harris Balanced Separation that does so much to save grain. 12-, 10- and 8½-foot.

NEW

New
80 Self-Propelled — 32-inch
cylinder . 32-inch fullwidth straw walkers and
shoe. Hydraulic speed selector and live axle drive. Hydraulic table lift, Balanced
Separation. New operating
comfort, 14, 12- and 10-foor
cuts. 12- and 10-foor Rice
Modelson tracks or rice tires.

NEW

Bigger capacity 6- and 7-foot Clipper 50 Com-bines. Longer straw-rack and shoe, more efficient cylinder and beaters, adjustable reel,

slow speed cutter-bar.

NEW

NEW

90 Self-Propelled — 37-inch
cylinder . . . 37-inch fullwidth straw walkers and
shoe. Hydraulic speed selector and live axle drive. Hydraulic table lift. Balanced
Separation. New operating
ease. 16-, 14- and 12-foor Rice
Modelson tracks or rice tires. cuts. 14- and 12-toot Rice Models on tracks or rice tires.

Year's report of a Company Built on Friendship

AT this time of year The Home Insurance Company reports on its activities of the previous year. The figures, the numbers, the dollars and cents have been summed up. They show the financial position of the Company and they have much interest for investors and stockholders. That is proper.

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But insurance is a great deal more important than just dollars and cents. Insurance deals with people. You can't show on a balance sheet what it means to a man when fire or other catastrophe wipes out his life's work. You can't put a price on protection that enables you to work and plan for the future with assurance that it won't all be undone at a single stroke. In human values, the services of insurance are almost beyond the ordinary yardsticks of price and value received.

More than almost any other type of business, insurance is based on the true principles of friendship. The first attribute of a friend is that he will come to your aid when you need it most-and that is exactly what insurance is designed to do. Secondly, a friend is somebody you know, somebody who is interested in you. In practically every city, town and village across the nation there is a representative of The Home. He is The Home. Through him, the Company extends its protection to you. Through him, when loss occurs, that guarantee is made good. Through him, The Home is your friend.

On the eve of celebrating our 100th birthday, we look back on 1952 as an eventful and resultful year for The Home Insurance Company. It is a great satisfaction to all in The Home family - employee and management. producer and stockholder - to know that their year's work can be counted in terms of good things for many people . . . suffering averted, troubles overcome, peace of mind for people everywhere.





BALANCE SHEET

ADMITTED ASSETS	December 31, 1952
United States Government Bonds	\$ 93,293,526.82
Other Bonds	69,662,362.94
Preferred and Common Stocks	154,190,561.00
Cash in Office, Banks and Trust Companies	34,904,305.02
Company	15,049,406.50
Real Estate	6,860,066.57
Agents' Balances or Uncollected Premi-	
ums, less than 90 days due	18,508,593.77
Other Admitted Assets	4,464,325.63
Total Admitted Assets	\$396,933,148.25
LIABILITIES	
Reserve for Unearned Premiums	\$171,326,998.31
Unpaid Losses and Loss Expenses	34,346,108.04
Taxes Payable	7,700,000.00
Reserves for Reinsurance	1,510,607.16
Dividends Declared	3,600,000.00
Other Liabilities	4,372,168.98
Total Liabilities	\$222,855,882.49
Capital Stock	\$ 20,000,000,00
Surplus	154,077,265.76
Surplus as Regards Policyholders	\$174,077,265.76
Total	\$396,933,148.25

NOTES: Bonds carried at \$5,766,396 Amortized Value and Cash \$83,890 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Based on December 31, 1952 market quotations for all bonds and stocks owned, the Total Admitted Assets would be \$393,830,412 and the Surplus as Regards Policyholders would be \$170,974,530.

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(CONTINUED FROM PAGE 53)

double taxation of corporation income. Still another subject of complaints is the taxation of foreign investment. Some contend that the tax for old age insurance on the self-employed is too high. Others seek exemption from the tax base for purchase of voluntary health and sickness insurance. Finally, there is said to be a need for reducing if not abolishing the capital gains tax.

All these problems entail one thing in common. To do anything about them would cost the Treasury revenue, at least in the first years after reforms.

Hence over-all revision on any substantive scale probably will have to wait until Congress and the Administration have made very substantial progress in reducing Federal spending.

It may be a couple of years, some officials think, before the level of Government spending has been brought down sufficiently to make possible the loss in revenues inevitable from tax reform.

On the other hand, there is no disposition to postpone considera-

Ambassador Winthrop W. Aldrich
(left), just after he
was sworn in as U.S.
representative to
Great Britain, talks
with Robert V. Fleming, president of the
Riggs National Bank,
Washington, and a
former A.B.A. president



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tion of this subject for so long. Until there is "fiscal room" for tax reform, the Treasury and the Internal Revenue staffs hope that by conferences, by study, and perhaps also by open public hearings in Congress, this result can be achieved.

They will seek to get the widest agreement possible as to both the principles and priority of items of tax reform. Then, when circumstances permit, action to legislate reform can be taken fairly promptly.

Most of the Congress has been equally ardent about long-range tax reform. However, the constantlyrising volume of expenditures and required revenues has heretofore precluded action. With an Administration committed to curtailing the volume of Federal spending, longrange overhaul and reform of the tax system become a real hope for the first time in two decades.

Internal Revenue Viewpoint

Meanwhile the Internal Revenue Bureau and the tax study staff of the Treasury will seek to achieve as much reform and equity as possible in tax matters, within their authority and without legislation.

It is expected that the Treasury staff will give the closest possible attention to complaints that in the past the Bureau of Internal Revenue has by its own regulations interpreted the requirements of law more strictly than was intended by Congress.

For example, machine tool producers and users contend that the allowable depreciation has been made smaller than Congress intended and some who have replied to Mr. Stam's questionnaire have asked that Congress "compel" the Bureau to follow legislative intent.

What the Treasury staff will do will be to examine these complaints. Where they appear justified, and where the loss of revenue from relief will not be too great, the Treasury itself may be expected from time to time to amend its regulations.

A fundamental change in the attitude of the tax collecting agency also was publicly promised by T. Coleman Andrews, the new Commissioner of Internal Revenue.

In response to questions from (CONTINUED ON PAGE 129)

Representative John Taber, chairman of the House Appropriations Committee, speaking at a luncheon of the Society of Business Magazine Editors. At the left is Paul Wooton of Chilton Publications and at the right, James Warren of Ahrens Publications. Mr. Taber recently suggested that some economy might be achieved in Washington by firing a few economists, of which he found 2,498, plus a few in agencies from which he could get no data. Their salaries averaged more than \$7,100 a year, not counting the pay of their clerks, stenographers, and other assistants. "Every agency," said Mr. Taber, "seems to feel that it must have its own staff of economists. I'd say there is one place to start pruning"



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(CONTINUED FROM PAGE 126)

Chairman Millikin (R., Col.) of the Senate Finance Committee, and other members of the committee, Mr. Andrews agreed that:

Taxpayers shall not be subject to harassment hereafter with "phony claims" for deficiencies.

Bureau of Internal Revenue employees shall not be rated as to efficiency and advancement in accordance with the number of deficiencies they collect.

Something will be done to make it possible for the Bureau to repay taxpavers who have overpaid taxes without requiring the taxpayers to file claims for refunds.

Bureau of Internal Revenue employees shall be inculcated with the idea "that they work for the people of the United States as well as for the Government."

Mr. Andrews, incidentally, was acclaimed in Congress as unusually qualified for his job. He was at one time president of the American Institute of Accountants. He set up, throughout Virginia, many model systems of municipal auditing. As one-time chief of the corporation audits division of the General Accounting Office, he was one of the first to suspect RFC's business methods.

President Eisenhower also confirmed with the greatest emphasis that the foreign policy of the United

Dan Throop Smith, Assistant Secretary of the Treasury, who has responsibility for analysis and planning of tax policy. Mr. Smith is on leave from his post as professor of finance at the Harvard Graduate School of Business Administration

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view to some revision. This revision, of course, may have some substantial bearing not only upon U. S. military expenditures for its own account, but for aiding the NATO

Somewhat dramatic evidence of this re-examination was given by the President's call for repudiation of the secret agreements entered into during and since the last war by former Presidents.

Another evidence was the decision to "de-neutralize" Formosa in the

States is undergoing study with a face of the obvious objection of Western Europe.

> Mr. Eisenhower served a definite, if polite, notice that further aid by the United States must be "matched" by European achievements in arming itself and in breaking down barriers to trade and unity among the European nations.

> Finally, the new President offered contingently his support for certain U. S. programs. These included extension of an amended reciprocal trade agreements program, encouragement of U.S. private investment



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. . Booth 9, Century Room, 19th floor, La Salle Hotel, Chicago, Ill., National Installment Credit Conference, March 23, 24, and 25.

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CITY___ STATE____ abroad, the probable enactment of the customs simplification bill, offshore procurement by the U. S. of European military end items, and a greater purchase abroad by the U. S. of raw materials.

Action along these lines "can create an economic environment that will invite vital help from us," the President said before listing the above-mentioned programs he would then support.

Mr. Eisenhower's words might lead to the expectation, barring a greater energy than Western Europe has recently exhibited about military contributions, that military and economic aid might be curtailed sharply. This might develop, but some observers feel that too drastic a cut, even without a better performance by Europe, might precipitate the collapse of the present governmental systems of France and Italy.

On the other hand, only the most spectacular performance would induce Congress to maintain a \$7-billion volume of foreign aid spending for any appreciable further length of time.

The final outlook would seem to

be for some very substantial curtailment eventually—in 1955 and probably also in 1954—in foreign aid. On the other hand, it will still, for a year or so, be an appreciably heavy budgetary item.

Prices

Another outstanding foundation of the new President's economic and fiscal policy was his backing of the free price system.

"The great economic strength of our democracy has developed in an atmosphere of freedom," said Mr. Eisenhower. "The character of our people resists artificial and arbitrary controls of any kind. Direct controls, except those on credit, deal not with the real cause of inflation but only with its symptoms. In times of national emergency, this kind of control has a role to play. Our whole system, however, is based upon the assumption that, normally, we should combat wide fluctuations in our price structure by relying upon the effective use of sound fiscal and monetary policy, and upon the natural workings of economic law."

Hence the President has made it clear, say his followers on the Hill, that he rejects "standby" power being legislated to impose wage and price controls again. While some elements in Congress favored enactment of standby control authority, they were in the minority and without the backing of the Administration.

It is said to be the attitude of the Administration that, should some grave national emergency again justify wage and price controls, Congress could move with adequate speed to enact them.

The President favored a limited continuance of rent control in areas of acute housing shortage, primarily in defense areas.

While the President was silent about direct credit controls, it is understood that his philosophy also opposes continuance of controls over instalment or housing mortgage credit. These are not expected to be re-enacted, in either an active or a standby basis.

Inflation

Mr. Eisenhower's aforementioned quotation about the free price system and dependence upon fiscal and monetary policy is also interpreted

(CONTINUED ON PAGE 132)

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"Third, the area of my dealership was wide open, with comparatively few Oliver implements in use at that time.

"So I took the Oliver franchise. Today, just a few years later, there are many hundreds of Oliver implements at work for farmers in this area, each one testifying that I, and those farmer-customers of mine, made a mighty happy choice in Oliver.

"They're sold on Oliver, and so am I!"



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(CONTINUED FROM PAGE 130) in the Capital City as a direct endorsement of the accepted and currently operative approach toward the containment of inflation.

He has specifically favored budgetary control and the present flexible credit policy of the Federal Reserve System. Neither stand, of course, came as any surprise to officials. However, the President has now so formally and irrevocably committed himself to these policies as to end any remote doubt about

"Past differences in policy between the Treasury and the Federal Reserve Board have helped to encourage inflation." the President further observed on this question. "Henceforth, I expect that their single purpose shall be to serve the whole nation by policies designed to stabilize the economy and encourage the free play of our people's genius for individual initiative."

Shortly before this strong endorsement of the flexible credit policy and Treasury-Federal Reserve cooperation, the Federal Reserve

gave another manifestation of the former when it raised the discount rate to 2 percent, from 134 percent.

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It was said that the "Fed" in ef. fect was recognizing the interest rate pattern set by the market, in fixing the rate at 2 percent. If the Reserve had been trying to tighten credit further, it would have set the rate, instead, at 21/4 percent. Should loan demand this winter and spring become abnormal, then a further rise to 21/4 percent in the discount rate would be in order for consideration. it is said

Debt "Lengthening"

Immediately after they were installed in office, the new Treasury officials took their "first small step" toward "lengthening out" the Federal debt.

They offered holders of nearly \$8.7-billion of maturing certificates the choice of exchanging for a new 1-year certificate carrying 21/4 percent interest, or a 5-year-10-month bond paying 21/2 percent.

It was recognized that the exchange for bonds probably could not be too large inasmuch as the holders of certificates generally were in need of the new 1-year issue, rather than the short bond. And the bond was not offered for sale for cash.

The decision to take this modest step was made after officials had surveyed the market and determined that at present there was no appreciable demand for a more vigorous step toward lengthening out the average maturity of the Federal debt.

This February refinancing was the first issue of any volume in many years which did not involve Federal Reserve support. Only the December refinancing, of around \$1-billion. had in recent years been cut free completely of central bank support.

The decision to leave the refinancing completely free of support was reached jointly by the Treasury and the Reserve System, with both sides freely in accord on this policy.

Savings Bonds

It has been determined that the present terms of Savings Bonds will be left intact for an indefinite period.

This decision was due only in part, it is said, to the fact that, in January, sales of Savings Bonds exceeded redemptions of both matured and unmatured bonds by \$69,-000,000, a sharp improvement.

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- (1) The President's first message to Congress, dated February 2, 1953. Even though portions of this message have been quoted and requoted frequently, President Eisenhower packed into this long document the foundation charter of his Administration. Write to the White House, Washington 25, D. C.
- (2) The views of Administration housing officials and Senators about the level of mortgage interest rates, discussed at an executive hearing. Send for *The Mortgage Interest Rate Problem*, the transcript of this hearing, published by the Senate Banking and Currency Committee, U. S. Senate, Washington, D. C.
- (3) An analysis of the Savings Bond picture for 1952 and for January 1953. Write to the Information Service, Treasury Department, Washington 25, D. C., for release H-18.
- (4) An analysis of V-loans as of December 31, 1952. Write to the Board of Governors, Federal Reserve System, Washington 25, D. C.

Normally January is a month of a relatively favorable relationship between sales and redemptions, and the Treasury still is confronted with the fact that something like \$6.1billion of Savings Bonds mature this year.

However, there are said to be two reasons why it is not thought desirable at this time to offer different or more attractive terms on Savings Bonds, a possibility that has been noted since the November election.

One of these reasons is to give time to ascertain how holders of maturing bonds and prospective purchasers of new bonds will evaluate these investments in the light of the firm determination of the Eisenhower Administration both to balance the Federal budget and to stop inflation.

It is thought that when the public views the prospect of an ending of the depreciation in the value of money, this alone should make Savings Bonds a considerably more attractive investment.

Another reason for leaving the Savings Bond program intact for some time is to give the development of the "lengthening out" program more time. One of the objectives of providing a longer average maturity for the Federal debt is to enable a considerable shift in the holding of the debt to nonbank institutional investors and to individuals.

When this program has gone along considerably further officials will be able to gauge better how the present or altered terms for Savings Bonds might fit into the new debt management program.

In connection with the public hearing before the Senate Finance Committee on the confirmation of his nomination, Treasury Secretary Humphrey outlined his own views on various subjects. Although those views were elicited by questioning and were made before the President's first message to Congress, they of course closely followed the views of Mr. Eisenhower.

The Administration's first job, he said, is to retard, then stop, the depreciation of the currency.

It should balance the budget first. Tax reduction should come at the earliest practicable moment. The nation's taxes are much higher than the country can bear for long.

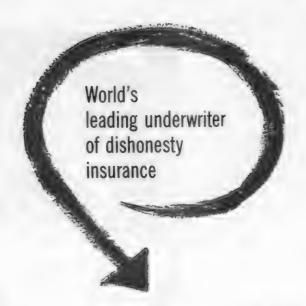
One of the earliest jobs of the Treasury will be to undertake the study of the entire tax system with a view to its overhaul.

In response to questions from Senator George W. Malone (R., Nev.) about the possibility of resumption of the gold standard, Secretary Humphrey said it is an objective which should be brought about after the budget is balanced and "under appropriate circumstances."

It has long been a custom of the House Banking Committee to refrain, as do almost all congressional committees, from organizing itself into subcommittees specifically assigned definite subject matter.

The Senate Banking Committee, on the other hand, follows the custom of organizing into subcommittees, a list of which follows:





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BLANKET-BONDS; BURGLARY AND
OTHER NEEDED FORMS OF INSURANCE

FIDELITY AND DEPOSIT COMPA

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Subcommittee on Securities, Insurance and Banking: Senators Bush, chairman, Bricker, Ives, Beall, Maybank, Robertson, and Frear;

Subcommittee on Small Business: Senators Bennett, *chairman*, Ives, Bush, Beall, Payne, Fulbright, Sparkman, Frear, and Lehman;

Subcommittee on Housing: Senators Ives, *chairman*, Bennett, Beall, Goldwater, Maybank, Sparkman, and Douglas;

Subcommittee on Currency and Coinage: Senators Beall, chairman, Bush, Goldwater, Douglas, and Lehman;

Subcommittee on Reconstruction Finance Corporation: Senators Payne, *chairman*, Bricker, Bennett, Bush, Fulbright, Sparkman, and Frear;

Subcommittee on Economic Stabilization: Senators Goldwater, chairman, Bricker, Ives, Payne, Fulbright, Robertson, and Lehman; and

Senate members of Joint Committee on Defense Production: Senators Capehart, Bricker, Ives, Maybank, and Fulbright.

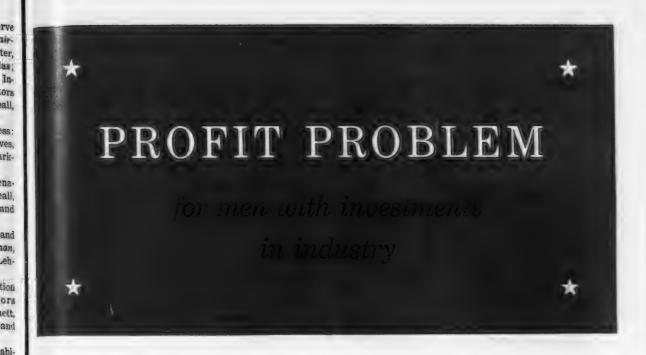
The committee also announced the appointments of Ray S. Donaldson of Indiana to be committee staff director, and Ira A. Dixon, also of Indiana, to be chief clerk.

Delano Leaving

Preston Delano, Comptroller of the Currency since 1938, submitted his resignation effective February 15, and President Eisenhower accepted it. Mr. Delano's term would have expired in January 1954 had he remained. It is understood that the initiative came from Mr. Delano, and that his resignation was not requested.

In his initial reorganization of the Department of Agriculture, Secretary Ezra T. Benson placed the Farm Credit Administration, the Farmers Home Administration, and the Rural Electrification Administration in one big grouping. Romeo E. Short, an assistant to the Secretary, was placed in supervision of these lending agencies.

Mr. Short is an Arkansas rice farmer who long has been an officer of the Farm Bureau Federation. He was at one time a regional director of the Farm Credit Administration of St. Louis.



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(CONTINUED FROM PAGE 59)

be to lower its holdings whenever opportunity permits. It seems probable that during the next several months this may happen.

Not So Bad After All

Consider the many depressing factors with which the market for Government bonds had to contend during the second half of last year: over \$4,250,000,000 new 2% percent sold for cash without support from the Open Market Committee; \$4.5-billion new tax anticipation bills; an increase in loans of about \$3-billion; a 1-year certificate rate rising from 1% percent to 2½ percent, with the Treasury bill rate reaching 2½ percent also; worst of all, an increase in circulation of not far from \$2-billion. No wonder the bank borrowings from the Fed got up to \$2-billion!

Considering what happened—and it is hard to imagine what more could have happened—it does seem that the market declined less than might have been expected. Actually, in the face of the culmination of the factors outlined, the final quarter saw some slight improvement in bond prices except for the longest-term issues. It looks very much as if a pretty firm bottom has been reached from which a start to somewhat higher levels might be quite sharp, provided the expected further decline in loans takes place. Surely a market which has resisted so many adverse arrows of fortune should inspire confidence in its ability to regain a considerable measure of strength when the quiver of arrows is exhausted.



"This kinda dough was all right before I got a girl myself, but . . ."

136

Denver Banks Talk to Students

(CONTINUED FROM PAGE 18)

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dent meet the group and say a friendly word of greeting. He never makes a speech—just says Hello and asks the students if they're having a good time. Meeting the bank's top officer is an important feature of the tours; the visitors are invariably impressed that they should be given this recognition by so important a person in the community.

"One fact not immediately apparent is that a program of this type not only reaches into the classrooms but into the homes. A student who has held a thousand dollar bill hurries home to tell his folks. More often than not, Dad hasn't had that experience. Frequently he doesn't know all that the youngster has learned about banks; and it's not uncommon for a parent to come into one of the banks to find out more about this subject that's so fascinating to Junior."

"Our Bank" Approach Barred

No speaker "advertises" his bank. Each understands that he's to talk about banking, not just his own institution. In fact, the elimination of the "our bank" approach amounts to a code among the Denver banks. "Were there to be serious violations," comments Mr. Sanbourne, "we undoubtedly would soon find ourselves receiving no invitations, and probably we'd be barred from the schools."

Bank management so highly regards the program that it has consistently provided financial backing and cooperation. Each year the sponsors try to expand and improve the plan's capacity to serve by seeking suggestions from school people and by holding an annual bankereducator banquet to which teachers, coordinators, principals, school officials, members of the board of education, participating bankers, and bank executives are invited.

"All benefit," says Mr. Sanbourne.
"The teachers discover that bankers are not stuffed shirts, and the bankers discover that the educators are a pretty solid sort of folks, too. The teachers—and generally we invite many who haven't participated before—become interested in our ef-

(CONTINUED ON PAGE 139)

Oil & Gas Dept., The Royal Bank Please send me the bulletins I. Regulations—Leases & Reservations—Albert Regulations—Leases & Reservations—Britis Regulations—Leases & Reservations—Britis Regulations—Leases & Reservations—Man Regulations—Leases & Reservations—Man Regulations—Leases & Reservations—Man Regulations—Leases & Reservations—Man Conservation & Proration Westorn Canada Petroleum Association Structure of Federal & Provincial Govts. Business Operations in Canada Minimum Wages & Holidays with Pay	ta
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As the automatic coupler opened an era in rail-roading, so does Eagle Hitch presage a new period in farming—and with striking similarity. As the clank of coupler between railroad cars leaves only a hose to be connected, so do the clutching claws of Eagle Hitch leave only a single pin to be inserted in the depth-control link. Seldom does the driver need to step off the tractor—he "hooks up sitting down."

In the endless change of implements for the cycle of successive jobs the saving of minutes counts up to many an hour. Yet one-minute mounting is just the nucleus among many things that add up to Eagle Hitch Farming. There is free-floating action for tillage at consistent depth. There is constant hydraulic control for instant lift or adjustment any time, moving or standing. There is constant power take-off, to keep harvest machines running at steady speed, regardless of tractor starts and stops. There are self-energizing brakes for sure stops and short turns.

There are dozens of Eagle Hitch Implements, fifteen models in three sizes of Case Tractors for Eagle Hitch Farming. They go far to meet the challenge of high farming costs which are the concern of both tarmer and banker. Case encourages both customers and dealers to place their financing with local institutions. J. I. Case Co., Racine, Wis.

Eagle Hitch Roller-Packers have plenty of weight to crumble clods and crusted soil, or to firm mellow earth around tiny seeds now largely used in grassland farming. Yet at a touch of hydraulic control they lift clear for quick transport without touching hard road surface. They interchange with Eagle Hitch plows in a minute without tools or tugging.

CASE





SERVING FARMERS SINCE 1842

138

BANKING

(CONTINUED FROM PAGE 137) forts, and subsequently arrange their class programs to include time for bank speakers.

"The result is that year after year the program grows. We're rapidly getting to the point where we have a shortage of qualified speakers, but so far we've been able to meet all demands. However, we have our fingers crossed!"

How to Start a Program

ess

n h For those who say, "We'd like to do something along this line, but don't know where or how to start," Mr. Sanbourne has some suggestions.

"In the first place, be certain that the banks in the community will support the undertaking (1) financially; (2) by making speakers available; (3) by facilitating student visits. Also, be sure the schools will at least consider the proposal.

"It would seem logical that banks genuinely interested in a school program have among their directors and officers individuals who have the confidence and the ear of a school official or two. These bank representatives should be able to present their ideas in such a way that the schools would at least indicate a willingness to sit down and explore the program's possibilities. If they want to ask about the Denver experience, I'm certain that Dr. Roy A. Hinderman, our deputy superintendent of schools, will be willing to explain the program and its advantages.

Put All the Cards Down

"Once the interest of the schools is gained, the rest of the preliminary work is comparatively simple. It's merely a matter of holding a meeting and laying all the cards on the table. A dinner session is best. Teachers, as well as school officials, should attend. Likewise, the top bankers should be there, too; they're the ones who make the decisions for the banks.

"At this meeting the bankers should make no pretense that they're trying to 'do something' for the schools. They are, it's true; but that's only one side of the coin, and school people know there's another side. Nor should the bankers assume that they know what should be done, and how. They don't.

"Bankers who are really sincere about undertaking this program will

Is YOUR Bank Ready to Absorb an Embezzlement of \$309,000?

Each one of fifteen banks absorbed an average of \$309,000 for the five-year period 1946-50! Shortages in these banks, whose total deposits were only \$27,000,000, totaled \$5,500,000 — \$4,635,000 more than their total bond coverages!* They were forced to absorb 84% of their embezzlements, even though nine of these banks had bonds equalling or exceeding the minimum suggested in a table of recommended amounts!

The figures are startling! Clearly, with defalcations running so high, it should be realized that any table is merely a guide. Chief reliance should be upon an individual analysis of each bank.

Make sure your bank's protection is geared to today's conditions existing both in and outside of your bank, Call our nearest agent—he'll be glad to have one of our bank specialists analyze your hazards and blanket bond program. If you don't know our agent's name, just write our Agency & Production Department. We'll furnish it promptly.

*These figures were quoted in an address by Alexander Chmielewski, Bank Commissioner of Rhode Island, before the A.B.A. State Bank Division, September 29, 1952.

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sit down with the teachers in all humility. They'll admit that they're not educators, child psychologists, or experts in anything but banking. But they should insist that they have sound information to impart, that this information is important to every student going into the business world, and that they, the bankers, are willing to cooperate to make it available in an interesting, convincing way. If the bankers find themselves in the proper atmosphere, they may add that their program will contribute not only to a

* SEATTLE

* TACOMA

PORTLAND

TRI-

STATE

SERVICE

better understanding of the business world, but to a better appreciation of the American way of life.

"Few people realize better than educators that the best weapon with which to combat unsound economic ideas is a knowledge of the facts. Those facts—the Why and How of banking—the bankers propose to give the students. That's the bankers' 'ax to grind.' But it isn't just the ax of the banker. Banking is in a rather unique position in our economic system. It's somewhat like the keystone of an arch: its position

is vital to the durability of our economic system.

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"We convinced the Denver school people by simply being sincere—taking down our hair, so to speak. We admitted frankly that we didn't know how to do this educational job, but said we thought it should be done, and that we would do whatever was necessary if they would tell us how. With this approach, the educators took down their hair. They mentioned 'motivation,' admitting that it was the school's responsibility. And they made suggestions—lots of them.

"Let me emphasize that the suggestions for this program must come from the schools. It's a psychological fact that an individual works harder to support an idea he has contributed than he will to support an idea suggested by somebody else. The same is true of an organization. The schools, if given a chance to suggest ways of making such a program successful, will bend every effort toward its success.

West Coast coverage with one bank

Business funds deposited in *any* Bank of California office are available, immediately, in *all* our other offices, *in all three* Pacific Coast states.

This immediate one-bank service can be especially helpful when time is of the essence in important transactions

Back of this immediacy, of course, is the less dramatic, but equally important fact that each office of this eighty-nine year old bank is long-established in its area—thoroughly acquainted with area needs and opportunities, and with its business leaders. Naturally, our area information service is available to all our customers.

These, and other Coastwide services, are available to all customers of this bank.

THE BANK OF CALIFORNIA

NATIONAL ASSOCIATION

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BANK OF MONTREAL New York -- 94 Wall Street Chicago: Special Representative's Office, 38 South Dearborn Street 575 Branches Across Canada - Reserces Exceel \$2 Billion

All Banks Should Take Part

"Except in a one-bank community, every bank should take part. This removes the implication that one bank (or more than one) is merely doing some advertising.

"As to how to get cooperation—well, it's the old story of a committee and its chairman getting stuck with a lot of work. And don't let anybody fool you—it is work. There must be speakers from each bank; they must realize that their speaking assignments are just as important as any other part of their jobs. There must be tour conductors who should get together occasionally to compare notes and try to make the tours enough alike that the students see comparable activities in the various banks.

"A school program isn't something to be started and then dropped because the bankers don't find it convenient to continue. Once such a program is started, the schools have a right to expect better from us. Should they be disappointed it might be most difficult ever again to convince them that the program should be resumed. It might even be difficult to convince them that bankers themselves are reliable!"

Saving civilization is a noble business but some of it should start where charity does.

Deposit

Corporation

Bankers Look Forward

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prosperity to the line of a more stable economy would be too hard for the American people to endure. However, I interpret the action of the majority of voters in the recent election as a clear mandate to our new President and Congress to change the inflationary direction of our economy. This, I am confident, will be done.

PROMISING OPPORTUNITIES

N. Baxter Jackson, chairman, and Harold H. Helm, president, Chemical Bank and Trust Co., New York.

WE anticipate a year in which goods of all types will be in plentiful supply with increased competition in distribution, fewer controls, free markets, and large production which will provide a healthy climate for business and banks.

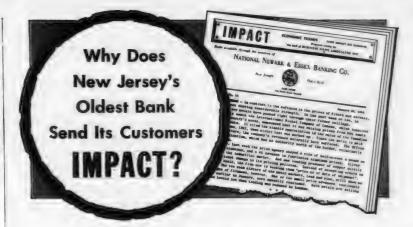
While the public has gained from the social and economic reforms over the past 20 years, we have seen the encroachment of socialistic doctrine upon the system of free enterprise on which America was founded. . . .

The trend toward socialism has been accompanied by inflationary policies and by a tax program which has gone to such limits as to breed inefficiency in corporate management. It is indeed encouraging to believe that our citizens are aware of these facts. In looking ahead, we feel that our free enterprise system will have better opportunities to demonstrate its benefits and to restore confidence in ourselves with less dependence on government. We believe that the banking industry is in a strong position to participate in such opportunities.

NEW TASKS, NEW PROGRESS...

S. Slean Colt. president. Bankers Trust Company, New York.

I BELIEVE that the driving forces in our economy are by no means exhausted. Given the imagination, the research and the energetic determination to develop our potentialities, the American enterprise system and the American banking community may look forward with confidence to new tasks, new progress, and new achievement.



FIRST... they know their customers like IMPACT...like its penetrating analyses of economic trends, business and financial news.

SECOND... The bank's imprint on each copy keeps its name constantly before customers.

THIRD... distributing IMPACT acts as a weekly reminder of the bank's leadership and willingness to serve.

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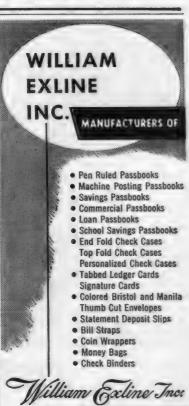
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Currency Convertibility—Our Constant Quest

been heard during recent months of currency convertibility. Especially in our talks with the British at the end of the rainbow, it seems this is a perennial topic, for the as elusive as ever. pound is a "key currency" and if freely exchangeable the bulk of world and making the pound freely conof the pound has long been an explicitly expressed goal written into the various aid pacts since Lend-

In world financial circles much has Lease. Indeed it was one of the major aims of the big postwar loan to Britain. Yet, like the pot of gold

This is not said to reprove Britonly the dollar and pound were ain for not yielding to our pressure trade would be done, in effect, on vertible into dollars, hence gold. Inthe gold standard. Convertibility deed the experiment was started after we made the 1946 loan, but the drain on British reserves was too great and the attempt folded.

Neither Britain nor the whole sterling area as yet have the reserves to insure convertibility's success. And we, who have such ample gold reserves, have not yet ventured to restore internal convertibility of the dollar into gold.

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When American businessmen clamor for convertibility of foreign currencies they refer of course to their desire to convert into dollars the proceeds of the goods they sell abroad. We can sell plenty of goods abroad today for inconvertible currencies, but few of us are willing to leave the proceeds impounded abroad. This fact is behind some of the recent efforts to get Uncle Sam to guarantee just that sort of convertibility. Indeed, Export - Import Bank money has been used to bail out frozen business balances in Argentina; while a similar deal is being arranged with Brazil.

London View

Our dollar being externally convertible into gold, any other currency that is made convertible into dollars ipso facto is convertible into gold and becomes, relative to inconvertible moneys, a "hard currency." Apart from the strong British aversion to a return to the fixed gold standard because of memories of the short-lived return in 1925, followed by abandonment in 1931, serious objections to sterling convertibility on other grounds are offered: "With sterling and perhaps some other European currencies convertible, the European Payments Union would break up. London gold and dollar reserves are precarious and convertibility could be made to stick only with very large stabilization help from the U.S. or the IMF. If all balances in Britain were made convertible into dollars, capital would flow out-British as well as foreign capital."

Hence the talk of making only new balances convertible. Indeed some modest steps in that direction have already been taken. Recent foreign investors in Britain and its colonies may now withdraw profits. Commodity markets in Britain have started to be freed. Various "nonresident pounds" are being eliminated. Blocked French and Italian



sterling is being cautiously released. Greater liberality of Bank of England exchange policy is being urged. And they are considering a less rigid official exchange rate with. as ultimate goal, convertibility at a fluctuating rate, such as we now see in Canada. Then new sterling balances would be freely convertible into other currencies, including the dollar. Convertibility would not be allowed to carry a flight of capital.

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Full and healthy convertibility of currencies can exist unaided only if the international accounts of the countries concerned are in substantial equilibrium. By creating confidence, convertibility may stimulate capital inflow and thus help restore equilibrium. But if adopted by countries with internal inflation afoot, convertibility may do just the opposite: channel capital from Europe to us. Since European inflation is intertwined with now deep-rooted social policies on economically insecure bases, confidence engendered by introducing full currency convertibility might prove short-lived. Lastly -we have just space to mentionif trade restrictions are retained abroad, convertibility of foreign currencies will mean little or nothing to our exporters.

HERBERT BRATTER

"That's the trouble with checking accounts . . . one slip of the pen and your account's overdrawn'



WILLIAM VON RIEGEN IN COLLIER'S

Briefly Stated . . .

Ignorance is a voluntary condition of bliss.

If you ever sat on a horsehair chair, you will understand why Grandma wore six petticoats.

Nothing is a better example of faith than the colored pictures in a spring seed catalog.

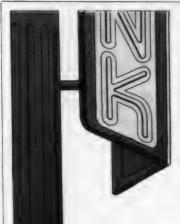
Some waiters should visit a zoo and watch the turtles zip by.

The thing that impresses you about some books is that they're bought.

Few families are so well off they don't know it when Junior is in col-

The thing that is discouraging about spring is that everything seems to come back but us.

No one is busier than a cabinet maker in France.



Depositors prefer "LANDMARK" Banks

o "There's where I bank!"

There's a sense of pride in banking with a prestige institution . . . that's why more and more depositors are being attracted to banks who no longer "hide their light under a bushel."

With a Federal Electric Display, you attract attention 24 hours a day - attention that reflects prestige and modernity attention that brings in investors and depositors. Indeed, a Federal Display makes your bank a "landmark," a constant reminder in the minds of present and future customers.

And remember, while a Federal Display identifies and enhances the architecture of your bank, it is also the most economical and important form of advertising you can use day in and day out.



GET THIS HELPFUL INFORMATION Send now for new color brochure that tells how to select bank displays . . . shows how other banks have become "landmarks."

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March 1953

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School for Indoctrinating New Personnel

A GROUP of banks in Greater Kansas City, Missouri, is working through the local clearing house and Kansas City Chapter, American Institute of Banking, in a new educational venture believed to be unique in this country.

New employees of the participating banks attend a two-week training course with instruction in: You and Banking; The Bank Bookkeeper; The Proof and Transit Operation; and Adding Machine Instruction.

When the employees complete the training they go to their banks better qualified for the responsibilities of bank work and with a better understanding of how a bank operates.

The classes are planned for an enrolment of about 25 members. The instructor, Willard Plummer, is experienced in the operations of both large and small banks.

The National Office of the A.I.B. has shown considerable interest in this indoctrination course for new bank employees and is following the operation closely. Fifteen banks in the Greater Kansas City area are already participating in the program. Local machine companies, including Burroughs, Monroe, and Allen Wales, have furnished machines on a trial basis—which will later be purchased.

Francis Boesche, Commerce Trust Company, is chairman of the committee in charge of the organization and operation of the school, and is assisted by these committeemen: Earl Dresker, Mercantile Bank and Trust Company; Ed Bittner, First National Bank; G. W. Ballew, City National Bank and Trust Company; W. Philip McDonald, Commercial National Bank; Milford Ely, Grand Avenue Bank; Ted Hutsler, Traders National Bank; George Hursig, Mercantile Bank and Trust Company; Jim Nichol, First National Bank of Independence, Missouri; and J. E. Johnson, First National Bank.

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The program is open to all banks in the area that wish to participate. Beside those mentioned in the committee, those already taking part include:

Inter-State National Bank, Security National Bank, Columbia National Bank, Produce Exchange Bank, Community State Bank, Manufacturers and Mechanics Bank, Missouri Bank and Trust Company, and Douglass State Bank.

Among other things that grow by leaps and bounds are the children in the apartment above you.

The question the cynic asks is: Have we been a succor to some nations long enough?

The only nation that cuts government waste is indignation.

Instructor Plummer teaches a group the techniques of running adding machines



New Signatures on the Currency

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WITH the change in administration, the Bureau of Engraving and Printing is in process of substituting on the paper currency the signatures of the new Secretary of the Treasury and Treasurer of the United States for those of the old. Some new notes with the new signatures have been coming off the presses since January 29, but for other notes the changeover will take months. By June the last of the notes carrying the "John Hancock" of John W. Snyder and Georgia Neese Clark will have been printed. Yet, before the last of such notes reach the banks to be put into circulation a year or two may elapse.

That the Republican Administration is printing banknotes bearing the Democratic officials' names arises from the fact that the changeover in some cases involves re-engraving the plates. A new system, partially installed in 1935 and subsequently, makes possible a quick changeover in the cases of \$1 silver certificates, Series of 1935, and green-seal Federal Reserve notes, Series of 1950. In these the signatures are not engraved in the plates. but are overprinted on the face of the notes together with the seal and serial number. These are the series which have been printed with the Humphrey and Priest signatures since January 29.

Making Money Is Complex

Printing the currency is a big operation. Until recently all notes were printed from "12-subject" plates. Each of the 12 notes on each plate has places for the signatures. When the plates were all engraved, every time a signature had to be changed several hundred 12-subject plates were involved. Currently 624 such plates are in use. A recent innovation is the 18-subject plate, 43 of which have been installed at this writing. Ultimately the 12-subject plates will all be replaced by 18-subject ones.

Because of this changeover now in progress it is possible that some of the Snyder-Clark-signed notes will bear serial numbers later than



If you had to operate under **extra expense** conditions

for months...

(Typical of what could happen in any bank)

Picture yourself in this set-up.

It's primitive—but far from being a low-cost way of doing business.

Yet you don't have much choice when fire, storm, explosion or other insurable hazard knocks out your bank building. Your customers must be served—somehow.

Figure what it would cost you! How much would you pay, for example, to rent temporary banking quarters... and office machines... desks... chairs... cages? How much for trucking... police protection... overtime? And a dozen-and-one other items of extra expense?

Why do we ask these questions? Simply to show you how essential Extra Expense Insurance is to a bank.

And to suggest—if you'd like to estimate or re-estimate your need for this valuable type of protection—that you write for our "Gatastrophe Plan," specially prepared for banks. With it, we'll send the report of an actual case showing one bank's extra expenses under emergency conditions. And an article describing the key provisions of Extra Expense Insurance. No obligation, of course. Just mail the coupon.

Year in and year out you'll do well with the

Hartford

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company

Hartford Live Stock Insurance Company • Hartford 15, Connecticut

For help in
estimating your
Extra Expense
Insurance needs,
mail this
coupon now.

HARTFORD Fire Insurance Company Hartford 15, Connecticut

Please send me a free copy of "Catastrophe Plan" and related literature on Extra Expense Insurance.

iame.....

Address....

City......State.....

Secretary of the Treasury

Say Baker Priest

TREASURER OF THE UNITED STATES

those appearing on some Humphrey-Priest currency. After the death a few years ago of Treasurer Julian, notes continued to come off the presses carrying his signature for almost a year. This time the changeover will be completed more rapidly.

Once printed, the new notes are

delivered, if United States notes or silver certificates, to the vaults of the Treasurer, which are in an annex of the Bureau of Engraving and Printing. Federal Reserve notes are delivered to the care of the Comptroller of the Currency. United States \$2 and \$5 notes and silver certificates of \$5 and \$10 denomination are made from plates on which the signatures are engraved. Until preparation of new plates is completed, the old plates continue to be used. In the new plates many of the features of the present notes will have to be shifted, as happened with the "ones" in 1935. The largest denomination of banknote currently made by the Government is the \$100 bill.

While the plates used are of steel, they are chrome-plated. When the plates show wear, the old chrome is removed and replaced by new chrome electrolytically. Thus, theoretically at least, a plate can never wear out unless it is broken. It can be renewed indefinitely.

Washington's paper currency output averages 9,315,000 pieces a day, with an average value of \$44,750,000. Most of it consists of \$1 bills. Some \$28-billion of paper currency is outstanding, including nearly \$10-billion in \$20 bills. There is also \$8,200,000 in \$10,000 notes.

Technically speaking, the banknotes now being printed with the signature of Georgia Neese Clark are in error not only in designating her as Treasurer, but in her name as well. For in January, while still Treasurer, she remarried and became Mrs. Andrew Jackson Gray.

HERBERT BRATTER



COOPERATION

... in your pension planning

Banks and trust companies throughout the United States call upon Marsh & McLennan for cooperation in pension planning for all sizes and types of business. Our staff of experienced actuaries is available with professional counsel and guidance on any type of program—trusteed, insured, profit-sharing, self-administered or any combination of these. Your inquiry is invited.

Marsh & McLennan

INCORPORATED

Insurance Brokers

CONSULTING ACTUARIES . AVERAGE ADJUSTERS

Chicago, 231 S. La Salle St. New York, 70 Pine St. San Francisco, Russ Bldg.
Minneapolis Detroit Boston Los Angeles Toronto Pittsburgh Seattle Vancouver
St. Louis Indianapolis Montreal St. Paul Duluth Portland Buffalo Atlanta
Calgary Washington Tulsa Phoenix Milwaukee Cleveland Havana London



"They're just like my husband . . . always figuring everything right to the penny!"

EARNINGS



Here is a way to increase net earnings per share

An early review of your bank's earning position in relation to taxes may yield important economies in 1953.

Our Bond Department will be glad to participate with you and your tax accountants in this analysis. Investment specialists in relation to income taxes, the Bond officers may be able to suggest changes in your bond account which will increase your bank's earnings per share.

Call or write the Bond Department at the next opportunity. There will be no obligation in an informal discussion of your bank's investment program.

The bank of personal service

THE NORTHERN TRUST COMPANY

LOCK BOX N, CHICAGO 90 • FRANKLIN 2-7070

Member Federal Deposit Insurance Corporation

NEW YORK REPRESENTATIVE • 15 BROAD STREET, NEW YORK 5

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"Your Company has been handling the advertising for our Trust Department for ten years, and I believe it is only fair to you that I report the results.

"At first we were a little impatient as to the results (not realizing that advertising is cumulative, as you very patiently explained to me). Now I must admit you were right.

"During the early years, personal calls were necessary to obtain the benefits. Today, I do not have much chance to make personal calls because our 'walk-ins' take almost my full time. That, to me, is a direct tribute to and result of your advertising."



Write today, without obligation, for details of how we can make the dollars you invest in trust advertising buy more business for your trust department. Our reply will interest you.

THE PURSE COMPANY

Headquarters for 7rust Advertising
CHATTANOOGA 2, TENNESSEE
NEW YORK * CHICAGO * BIRMINGHAM

Briefs: Banks, Bankers

LAWRENCE E. DEVORE is now president of the First National Bank and Trust Company, Crawfordsville, Indiana.

ARTHUR E. SPRATLEY has been named an assistant vice-president of the Gulf National Bank of Gulfport, Mississippi. He started with a bank, became an examiner with FDIC, and then joined his present bank. He's 27 years old.

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THE FARMERS AND MERCHANTS NATIONAL BANK of Los Angeles has let contracts for the razing of two structures just south of the bank's buildings and for construction of a two-level customer parking facility,

MILTON TICHY and SHELDON L. LADD advanced to vice-presidencies at the Meriden (Connecticut) Savings Bank.

FRED E. VAN ALSTYNE was named board chairman and STEPHEN T. ORR president of the Wyandotte (Michigan) Savings Bank.

At the Fontana (California) National Bank, Walter M. Wachtel was named president, succeeding Robert N. McCook, who will remain on the board. Frank B. Williams was named board chairman, succeeding George S. Wilson. Lou L. Larson was named vice-president. Vice-president and Cashier John S. Feary was elected to the board.

WILLIAM M. SCOTT has been elected president of the Pennsylvania Exchange Bank, New York City; James W. MILLER became chairman of the finance committee.

Arthur E. Kroner, vice-president of the East River Savings Bank, New York, and president, New York Chapter, American Institute of Banking, presents honorable life membership in the Chapter to Harold H. Helm at the Chapter's annual banquet. Mr. Helm is president of the Chemical Bank and Trust Co., and has been active in the affairs of the American Bankers Association, the New York Clearing House, and the Association of Reserve City Bankers





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Andrew L. Gomory Lincoln Johnson

Arthur T. Leonard

At Manufacturers Trust Company, New York, Andrew L. Gomory will become head of the foreign department when Lincoln Johnson retires this spring. Mr. Gomory, who has been with the bank for 30 years, is chairman of the American Committee for Standstill Creditors of Germany. Mr. Johnson, who is retiring at 59 to make his home in the Southwest, has no business plans for the immediate future but expects later to resume activity in one of the several lines of his early experience.

ARTHUR T. LEONARD, president of City National Bank and Trust Company of Chicago, is president for 1953 of the Chicago Association of Commerce and Industry. He succeeds Guy E. Reed, executive vice-president of Harris Trust and Savings Bank, who served two terms in the office. Other bankers who took office in the Association are: ARTHUR J. ROBERTS, vice-president of Continental Illinois National Bank and Trust Company, who is vice-president for world trade; and Philip R. CLARKE, JR., vice-president of City National Bank and Trust Company, who is general treasurer.

Union Bank & Trust Company, Montgomery, Alabama, announces these promotions: John H. Neill, Jr., executive vice-president; Mark W. Johnston and George E. Suddith, vice-presidents; J. Vance Walker, cashier; Al S. Myers, assistant cashier.

After 26 years in banking in Chicago, ERNEST M. THORMAHLEN decided to try farming. "It was a new experience," he says. Now he's back in banking as cashier of the Peoples State Bank of Francesville, Indiana, and feels his farming experience will be a real help in country banking.

DR. L. P. MUNGER, one of the largest cherry growers in the nation, has been named a vice-president of the Oceana County Savings Bank, Hart, Michigan. He succeeds the late RALPH DUKES.

J. S. HARTWELL, RUDOLPH OSTENGAARD, and GARDNER TURRILL were recently elected vice-presidents of California Bank, Los Angeles.

Warren Davis has been elected president of the Citizens State Bank of Milford, Illinois, succeeding the late I. M. GOLDSTEIN. KENNETH T. RICKART was named cashier.

On Friday, February 13, the NATIONAL CITY BANK OF NEW YORK passed the \$100,000,000 mark in loans to veterans under the business loan feature of the GI Bill of Rights. The loans were made to more than 50,000 veterans.

This is Mr. B. E. Claypool



This is what he says

"The Merchants National Bank (of which he is president) is happy to renew, for the third year, sponsorship of the Fulton Lewis, Jr., program (on WMON, Montgomery, W. Va.). Fulton Lewis, Jr., is our number one salesman.

As our only regular advertising medium, his program has brought us an increase of 50% in Christmas savings club accounts, plus many new depositors and customers for our bank."

This is Fulton Lewis, Jr.



whose 5-times-a-week program is available for sale to local advertisers at local time cost plus pro-rated talent cost. Currently sponsored on 364 Mutual stations by 752 advertisers (including 60 financial institutions), the program offers a tested means of reaching customers and prospects. Check your local Mutual outlet or the Cooperative Program Department, Mutual Broadcasting System, 1440 Broadway, NYC 38 (or Tribune Tower, Chicago 11).

What's your problem in Personalized CHECKS?

We make them for EVERY type of depositor:

- . COMMERCIAL
- · PERSONAL
- . SPECIAL

If your problem is economy, you'll find our prices lowest in the field. Quality, too!

If your problem is sorting and the elimination of missorts, ask us about our printed sort symbol. Not one cent of extra cost!

If your problem is the personalizing of special check-

ing accounts, ask us about CheckMaster or Chexcel, America's most famous Free Checkbook or Sell-the-Book plans.

If your problem is quick service for Sell-the-Book special checking accounts, ask about our instantaneous over-the-counter reorder service.

Yes, we can serve you well!

INQUIRIES INVITED



400 MADISON AVENUE, NEW YORK 17, N. Y.



When you cancel checks and mark other papers by perforating, you're away ahead in safety. Perforations can never be changed or erased. They're permanent! And you're even farther ahead in efficiency if you use an American 400. It's entirely automatic . . . perforates thousands of checks per hour . . . requires no special skill to operate. It will actually pay for itself in time saved. Let us show you how! Send the coupon.

Find out about the American trade-in plan. You can save by trading-in your old equipment



	AN PERFORATOR CO. son Bivd., Chicago 6, Illinois
	rd price and literature about the Perforator. We are interested the equipment.
Name,	
Bank	
Address	
	State

Trust Conference

(CONTINUED FROM PAGE 105)

alert to opportunities to sell a going concern on favorable terms. This is why you need your fact-finder. Sale is not only the most prudent course, but usually the only course. . . ."

Business Freedom

Speaking on "Business and Professional Freedom" at the final general session," Robert G. Storey, president of the American Bar Association and dean of the School of Law, Southern Methodist University, Dallas, pointed to hazards in relying "upon the courts to assure that legislative or executive action did not exceed constitutional limitations."

Mr. Storey illustrated this statement by pointing to the experience of the United States Steel Corporation in purchasing the Government's \$200,000,000 Geneva, Utah, steel ingot plant at the close of WW II, after the Attorney General had ruled that the resulting increase in Steel's capacity "would not place the corporation in violation of the antitrust laws."

"Eight months after the Geneva plant was sold to U. S. Steel by the Government," he said, "the Attorney General filed a complaint against the corporation charging it with a Sherman Activolation in agreeing to purchase, for \$8,250,000, Consolidated Steel Corporation, a West Coast steel fabricator, as an outlet for plates and shapes produced at Geneva. . . U. S. Steel escaped the brand of monopolist in that case by one vote in the Supreme Court.

"The attempt to apply legal controls over economic forces is, at best, a difficult task and, at worst, virtually an impossible one. . . . Our legislators should avoid forcing upon the courts the application and interpretation of laws which are unnecessarily vague and indeterminate. Our courts should insist that, in the broad field of public control over business . . . the legislation sought to be enforced in the courts clearly demands the restraints which administrators and prosecutors claim for it."

In conclusion, Mr. Storey said: "I am making no plea here for a return to the freedom of contract philosophy of the 19th Century... But I think that this is a proper time, while we are in this desperate struggle with the forces of totalitarianism in other lands, to take account of the fact that we all share the responsibility for maintaining business and professional freedom in our own country. This responsibility extends not alone to our courts, but likewise to legislators and enforcement officers."

T. V. Smith, Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, was the final preluncheon speaker. He spoke extemporaneously on "How a Man Can Still Be Liberal."

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"... More than 50% of our employees are on the Payroll Savings Plan ..."

PAUL W. JOHNSTON

President, Erie Railroad

"We on the Erie Railroad are extremely proud that 50% of our employees are on the Payroll Savings Plan for U.S. Defense Bonds. These thousands of employees are regularly providing for their own future security and at the same time contributing to the strength of our national defense. The American habit of thrift and regular purchase of U.S. Defense Bonds Shares in America are evidences of good, sound citizenship."

Good, sound citizenship . . . the American habit of thrift . . . a belief that a strong America is a secure America . . . a management that makes the Payroll Savings Plan available to all its employees—these are the reasons why more than 50% of Erie Railroad employees are enrolled in the Payroll Savings Plan.

For the same four reasons, more than 7,500,000 employed men and women in thousands of other companies are active members of the Payroll Savings Plan—their take-home savings in the form of U.S. Defense Bonds total more than \$150,000,000 per month.

Is your company in the "more than 50% participation" group? If it isn't, please bring this page to the attention of your top executive. Point out to him—

Two Simple Steps to a Successful Payroll Savings Plan

- Phone, wire or write to Savings Bond Division, U.S. Treasury Department, Suite 700, Washington Building, Washington, D. C.
- 2. Your State Director, Savings Bond Division, will show your company how to conduct a simple person-to-person canvass that will put a Payroll Savings Application Blank in the hands of every employee.

That is all management has to do. Your employees will do the rest. They, like the employees of the Erie Railroad, want to provide for their personal security and at the same time do their part in helping to keep America strong.

The United States Government does not pay for this advertisement. It is donated by this publication in cooperation with the Advertising Council and the Magazine Publishers of America.



COIN WRAPPERS

COIN COUNTERS

BANK SUPPLIES

ABBOTT Counter Counter Company

143rd-144th Streets & Wales Avenue New York 54, N. Y.—LUdlow 5-1200

40 Years' Service

Make ABBOTT a Habit

GET OUR CATALOGUE - PRICES!

QUARTERLY DIVIDEND NOTICE

The ARO EQUIPMENT CORP.
Bryan, Ohio



 The Board of Directors has declared a regular quarterly dividend of 20c per share of common stock payable April 15th to shareholders

of record at the close of business. April 2, 1953.

Jan. 22, 1953

L. L. HAWK Sec.-Treas.



News for Country Bankers

(CONTINUED FROM PAGE 66)

throughout New York State to promote "Green Acres" farming. This project is sponsored by the agricultural committee of the New York State Bankers Association, of which Nicholas A. Jamba is chairman. He is vice-president of the National Bank and Trust Co., of Norwich.

"The signs are an outgrowth of the agricultural regional meetings held this past spring throughout the state," said *The New York State Banker*. "County agents will distribute the signs to all farmers who have indicated a willingness to farm the 'Green Acres' way."

Kentucky Informs Members

COPIES of the year-end quarterly release of the *Doane Agricultural Digest*, based upon discussions at the American Bankers Association's National Agricultural Conference in Louisville, were sent to member banks by the Kentucky Bankers Association.

Sample letterheads, imprinted with colored scenes that depict benefits from participation in the National Grasslands Program, which are printed and distributed by the National Fertilizer Association,* were also distributed to KBA members.

*616 Investment Building Washington, D. C.

Alabama Gets Highway Markers

THE improved roads in Alabama are being marked with 451 4-H Club county and state line highway markers, the first of which was erected near Montgomery recently.

This marker project is sponsored by the agricultural committee of the Alabama Bankers Association and the Extension Service. Banks supplied the signs for their respective counties, which are 3 x 4 feet, are made of heavy steel, and carry this greeting: "4-H Clubs Welcome You." Signs feature the 4-H's symbolic four-leaf clover and are in green and white, the traditional 4-H Club colors.

Harry S. Gilmore, assistant vicepresident of The First National

Bank of Montgomery and chairman of the Alabama association's agricultural committee, was assisted by Hancey Logue, State 4-H Club leader, in carrying through this project.

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Congress Petitioned on Insured, Long-Term Fertility Loans

With the Chillicothe State Bank offering leadership, 125 Livingston County, Missouri, farmers have petitioned Congress either to enact new legislation or amend existing laws to enable them to obtain insured, long-term loans for the financing of soil fertility and conservation on their farms.

A short time earlier, the Chillicothe State Bank had announced, in a full-page illustrated advertisement, that it was ready to "meet a major need of our farms by financing soil fertility and conservation on a long-term low interest rate basis."

At a meeting in Chillicothe, President Leonard Simmer and Agricultural Representative Marion D. Murray explained to the petitioners how a loan program such as they envisaged, would operate. In a letter to BANKING, President Simmer said:

"Every farmer at the meeting was enthusiastic for a change in the law so that long-time, low-interest rate financing could be obtained from banks under an insured plan such as FHA Title I; however, the loan pe-

The first of the Alabama Bankers Association's 451 highway markers is installed near Montgomery. Left to right, Assistant County Agent Robert Bright, Mr. Logue, Mr. Gilmore, and Alabama 4-H Club Council President E. F. Young



riod would have to be a little longer than FHA Title I provides for home improvement loans, and the repayment schedule would have to be geared so that the debt could be paid from the increased profits resulting from the conservation practices.

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"We have had a soil technician figure from actual farm records the cost of putting a soil improvement plan into operation and the increased income that can be expected to accrue as a result, and the yearly rate at which these increased financial gains return to the farmer.

"The program proposed is flexible in that the farmer can put his conservation plan into operation as fast or as slowly as his particular conditions warrant, and at the same time put it on a grass roots, free enterprise basis which the people want."

Arkansas Bankers Applauded

Two Forrest City, Arkansas, bankers were lauded for their vision and leadership in promoting soil conservation in St. Francis County, Arkansas, in a recent full-page feature in the Little Rock Arkansas Gazette. The Gazette's plaudits went to W. W. Campbell, president of the National Bank of Eastern Arkansas, and J. B. Fletcher, executive vice-president of the Planters Bank and Trust Co. Mr. Campbell is chairman of the Agricultural Commission of the American Bankers Association.

Speaking of Messrs. Fletcher and Campbell and the conquest of erosion, the *Gazette* said:

"This was the curse that drove promising youngsters like Will Campbell and J. B. Fletcher to town. But opportunity is on that land today, and men like these have had a part in putting it there."

N. J. Farmer-Banker Luncheon

A BOUT 300 attended the sixth annual Farmer-Banker Luncheon in Trenton, sponsored by the New Jersey Bankers Association.

William F. Ritter, cashier, Cumberland National Bank, Bridgeton, and agricultural committee chairman, presided and introduced Dr. Lewis Webster Jones, president Rutgers University, who spoke on "The Way Ahead in Agriculture." "Soil Conservation Pays," a color film, was presented by the Fed of New York.

Creative Banking In Action

BANK CHARGE PLAN BUILDS NEW SOURCES OF REVENUE...

New Earnings . . . New Customers . . .

Community Service . . . Increased Prestige
. . . . The Marks of a Progressive Bank

In the past twenty years, a new financial philosophy has appeared on the American scene, with the realization by bankers that money borrowing and installment buying are actually economies for some families.

This new way of thinking has brought about the century's most exciting banking development—the Bank Charge Plan—which is today sweeping the nation. The plan, designed to provide wider horizons for credit buying, is producing greater business volume for banks, more sales for merchants, and more convenience for retail customers. It has completely captured the imagination of bankers everywhere. Doubtless you have read about it.

The Bank Charge Plan is new and it is fast-moving. To keep abreast of this amazing development, look to Diebold for leader-ship—for only Diebold can offer you a wealth of double-edged experience . . . gained through nearly a century of working

with bank and systems problems in all corners of the the nation.

Only Diebold offers, complete, factual, helpful information along with advanced design equipment and forms to do a complete job in setting up your Bank Charge Plan. Surveys of your market—guidance for your employees—promotion plans—cost and earnings forecast—you name it; Diebold can do it.

Only Diebold gives you the combined benefits of a nation-wide sales and service organization experienced in both banking techniques and cycle billing systems. The name DIEBOLD has been foremost in the bank protection field for over 94 years.

For your bank, the Charge Plan may be the answer for new earnings, new customers, new evidence of your community prestige.

For your bank, only Diebold has the *complete* story. The coupon below will start the facts coming your way.

Diebold	Incorporated,	Canton	2.	Ohio
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Gentlemen:	I would like Charge Plan.	your	detailed	analysis	of	the	Bank	
Bank		 						
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March 1953

Main Street

(CONTINUED FROM PAGE 28)

When Joseph M. Dodge became Director of the Budget in the new Administration, he resigned as chairman of the board and as a director of The Detroit Bank. CLEVE-LAND THURBER, a director of the bank and its legal counsel, has been named acting chairman of the board, in which capacity he has agreed to serve until Mr. Dodge is released from his official duties in Washington.

JOHN B. MACK, JR., formerly deputy manager of the American Bankers Association and manager of its Advertising Department, and now proprietor of his own agency, has been joined by another former A.B.A. ad man, J. WILL IRWIN. MR. IRWIN left the Association to open his own agency in Richmond, Virginia.

Soldier Maker

RICHARD T. BRADY, assistant vice-president, The Equitable Trust Company, Baltimore, learns a lot of military history through his hobby of casting lead models of military leaders and of soldiers of various wars. The figures are cast in authentic uniforms and weapons, which Mr. Brady learns about through hours of research.

He used to collect American military pistols from the Revolution to the Civil War. About five years ago he decided to make military figurines with emphasis on historical accuracy. He made the first pattern

Banker Brady's lead soldiers are about $4\frac{1}{2}$ inches high; each weighs half a pound. The uniforms and weapons are as accurate as research can make them



figure on a bar of soap, from which he made a plaster of Paris mold, melted down some old lead-pipe nipples, and cast the small soldier. After painting it accurately, he found himself immersed in a new hobby.

Mr. Brady's large military assemblage is made up of $4\frac{1}{2}$ -inch figures, each weighing about 8 ounces. He also makes small cannons and tiny weapons. Some of his soldiers are in the Boston Public Library, the Confederate Museum at Richmond, and at Fort Ticonderoga, New York. He doesn't buy or trade any; "I just make 'em," he explains.

Lots of mail comes to Mr. Brady from hobbyists who want to know more about his figures. "I'm willing to help," he says; "I have no secret information."

PERCY J. EBBOTT, president of Chase National Bank, New York, was elected to the board of the New York Central Railroad. He succeeds WINTHROP W. ALDRICH, who resigned from the board when he became Ambassador to the Court of St. James's.

Three members of the Executive Council of the American Institute of Banking have recently been promoted by their banks: Bernard J. Lunt has been named assistant vice-president of the Fort Worth (Texas) National Bank; Theodore M. Reinhart was named executive vice-president of the Loop National Bank of Mobile, Alabama; Edward H. Fowler was named assistant cashier of the First National Bank and Trust Company, New Haven, Connecticut.

LEE J. MARINO has been elected vice-president and comptroller of Central Savings Bank in the City of New York. He's a member of the faculty of The Graduate School of Banking.

DONALD M. CARLSON has been named president and a director of the Elmhurst (Illinois) National Bank. He joined the bank last June as executive vice-president. Albert H. Glos, president since 1936, was named chairman of the board.

At the Gardner (Massachusetts) Trust Company, Frank M. Favor was named board chairman; Judson R. Foster, vice-president; Kenneth



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Banker Denniston, right, "Mobilian of the Year," with Lewis M. Smith, president of Alabama Power Co. and speaker at presentation banquet

B. MANN succeeds Mr. FOSTER as treasurer.

Man of the Year

GEORGE H. DENNISTON, president of the American National Bank Trust Company, Mobile, Alabama, was recently named as "Mobilian of the Year" and is the youngest man to attain that honor. The mayor presented him with a plaque.

JAMES P. CULPEPPER, JR., was promoted to vice-president and cashier of the Citizens & Southern Bank of Thomaston, Georgia.

THE BANK FOR SAVINGS, New York, recently featured an exhibition by students of the Evening Trade School of Washington Irving High School. Included were paintings, portraits, still life, and handicraft in leather, jewelry, and ceramics.

WALLACE E. HUNT was named chairman at Hollywood (California) State Bank; SAM S. RUBINO and JOHN O. SANNES were advanced to vice-presidencies.

These promotions are announced by Old National Bank, Evansville, Indiana: WILLIAM A. CARSON, chairman; WALTER A. SCHLECHTE, president; MELBURN BERGES and JOHN CLARK, vice-presidents.

At the First National Bank of Weslaco, Texas, E. L. Kankal advanced to vice-president and was succeeded as cashier by Charles K. Warren.

New board chairman of the Savings Banks Life Insurance Fund (New York) is FREDERICK W. BARKER, president of Syracuse Savings Bank; vice-chairman is EARL HARKNESS, president of Greenwich Savings Bank, New York City.

At the Pennsylvania Company for Banking and Trusts, Philadelphia, WILLIAM F. KELLY, executive vice-president, has been elected to the board. ALFRED C. GRAFF was named vice-president and treasurer; HARRY I. LAUER, vice-president.

Promoted to vice-president at State Bank and Trust Company, Evanston, Illinois: N. E. BIBOW, GEORGE MCKAY, GILBERT SMITH, and JOHN W. TAYLOR. L. E. SOLEM is vice-president and cashier.

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Savings Banks Trust Company, New York, has these new directors: WILLIAM BRYSON, president, Cayuga County Savings Bank, Auburn; CHARLES W. CARSON, president, Community Savings Bank of Rochester; J. WILBUR LEWIS, president, Union Dime Savings Bank, New York; JOHN I. MILLET, president, The Troy Savings Bank; GEORGE O.

NODYNE, president, East River Savings Bank, New York; and DANIEL T. Rowe, president, Kings Highway Savings Bank, Brooklyn.

ERNEST T. TANNER, who joined the staff of the First National Bank of Omaha, Nebraska, on his arrival in this country 27 years ago from County Cork, Ireland, has been named an assistant cashier. He's an A.I.B. graduate.

Newly elected at Citizens & Southern Bank and Trust Company, Philadelphia, are: W. C. WILLIAMSON, president; R. R. WRIGHT and SAMUEL E. ROBERTSON, vice-presidents; WALTER C. BECKETT, secretary; EARL F. DALES, treasurer; LOUIS C. TOLLIVER. assistant treasurer.

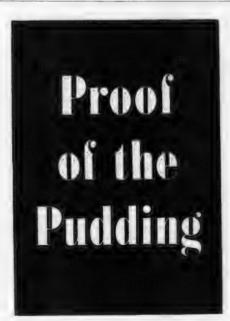
REX V. LENTZ, director of the special services department of Mercantile National Bank, Dallas, Texas, has been named chairman of the Dallas Citizens Traffic Commission.

The Seattle-First National Bank, Seattle, Washington, has announced 25 promotions, including these nine



S. Sloan Colt, president of Bankers Trust Company, New York, about to cut cake at a buffet for stockholders following the annual meeting. The cake is a replica of the bank's building at 16 Wall Street

vice-presidents: OLIVER L. DAL-RYMPLE (also cashier); M. B. LAKE (also comptroller); ROBERT S. BEAU-PRE; FRED W. BENDER; MORTON C. BAKER (also trust investment officer); WALTER J. BREWER (also trust officer and trust counsel); HARVARD



Some people ask, "Aren't all banks alike?" Yes, in the sense that all restaurants are alike because they serve food. The difference, of course, lies in what kind of food you get and how it is served.

You'll recognize that BOATMEN'S is different because of the personal attention paid to all your banking needs. Your banking transactions are of prime importance to you...you want them to receive personal rather than routine handling. This kind of attention is the reason why BOATMEN'S has customers whose accounts date back to the 1850's.

But the proof of the pudding is in the eating. Try BOATMEN'S and see for yourself.



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PALMER (also trust officer); EDWARD W. JARBOE; FLOYD H. GUENTHER.

DONALD DARCY, executive secretary of the Bronx Board of Trade, New York, since 1948, has resigned to join the Bronx County Trust Company as a vice-president.

A. D. Robb has resigned as first vice-president and secretary of the Colonial Trust Company, Pittsburgh, after 51 years with the bank. He also had six years with the Freehold Trust Company which was taken over by Colonial in 1901.

JOHN C. GILLMANN was named to the new office of comptroller at the Plainfield (New Jersey) Trust Company.

REED E. HOLT, of Salt Lake City, was elected to two positions in the same day. He became executive vice-president of the Walker Bank &





Carl E. Ahlberg

Trust Company and president of the Salt Lake City Clearing House Association. Walker Bank has also announced the retirement of Senior Vice-president J. J. Kelly.

J. O. ELMER and CARL E. AHLBERG were named vice-presidents of American Trust Company, San Francisco.

At the First National Bank of Cincinnati, SAMUEL E. MAXWELL was named vice-president and comptroller; EDWARD J. RENNEKER, cashier.

ROBERT V. HORGER was named president of Scranton (Pennsylvania) National Bank, succeeding JOHN H. PRICE, who became board chairman.

WILLIAM T. ANDERSON, assistant trust officer, and Melvin C. Smeck, assistant cashier of City National Bank and Trust Company of Chicago, were guests of a group of officers of the bank at a luncheon in honor of their 50th anniversaries with the bank. Each received an inscribed silver water pitcher.

Tolbert H. Kitts, Jr., was promoted to cashier of Hamilton National Bank, Johnson City, Tennessee. As cashier he succeeds T. W. Roland, formerly vice-president and cashier, who is now vice-president.

N. ROUNDTREE YOUMANS, officer in charge of Atlanta operations of the Citizens and Southern National Bank, Atlanta, Georgia, has been named a vice-president.

GEORGE V. CHRISTIE, vice-president of the First National Bank of Arizona, has been elected vice-president of the Advertising Association of the West. He is immediate past president of the Phoenix Advertising Club.

E. E. JOYNT was elected president of the Millikin National Bank of De-(CONTINUED ON PAGE 159)

YOURS FOR THE ASKING

No matter what the size, or the specific need, of your Chicago account, we are equipped to provide a complete banking service, promptly and efficiently. Any and all of our services are at your disposal.

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AND TRUST COMPANY of Chicago

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OUTMODED FILES keep clerks hopping and hunting for records. The cost, in lost time and motion, is tremendous!

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Old-fashioned "Hunt and Pick" Card Filing Systems Robbing Hundreds of Banks of Time and Money!

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took closely in your bank. Watch those little drawer files, tub files and any other files that contain active records the bank refers to constantly.

See how much of your clerks' time and energy they steal. Add up the cost. Figure in the resulting clerk fatigue, slow service, inefficiency, errors. That's what you'll save with Revo-Files!

Modern Revo-File eliminates lost time, lost motion...instantly "turns up" needed records!

HERE'S A PROVED WAY to give your clerks finger-tip control over thousands of

signature cards, credit cards, mortgage records—any records the bank uses constantly. Revo-File "rounds them up" into a compact, mobile unit your clerks use with top efficiency from an easy sitting position.

No costly transposition job necessary. You use the same records you have.

IF YOUR BANK HAS 3,000 or more active cards, it will pay you to check the reasons why many leading banks and businesses are turning to Revo-File: the increased efficiency . . . reduced costs . . . the savings in time and money. Mail coupon, today, for free illustrated folder. It's an eye-opener!



REVO-FILES MAY BE used singly, or arranged in batteries. Each Revo-File occupies about 3 feet of floor space. Variety of models (including fully automatic electric type) to accommodate all standard card sizes.

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The principal of a rubber manufacturing company reviewed the present position of his business and found these stymies:

- Operation profitable, but an acute shortage of operating cash due to expanding receivables.
- 2) Substantial volumes available that must be handled.
- Unsecured loan due banks and insurance companies based on similar trust indentures which prohibited the Company from increasing its debt or giving collateral security.
- A willingness by the banks to increase their loans on the security of receivables if the insurance companies would consent.
- Refusal by one insurance company to let the company collateralize loans or incur greater debt no matter on what basis.

At this juncture Walter E. Heller & Company was called into the picture by the banks. We proposed the factoring program under which the receivables were purchased outright and without liability to the seller; therefore, no additional debt was created. The banks and insurance companies were satisfied and the company had within 48 hours \$600,000 additional cash. Within 2 years, earnings permitted the company to borrow through normal channels.

Bank officers charged with responsibility for making loans are invited to learn the details of Heller Supplementary Financing. A booklet describing the nature of our services and the scope of our activities will be sent on request. Suggestions for dealing with specific problems will be given in confidence and without obligation. Please address:

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WALTER E. HELLER & COMPANY

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rendered by Walter E. Heller & Company are not fully identified by simple tabulation because they are variously coordinated and applied to fit specific situations.

The following types of supplementary financing are flexibly administered according to experience gained from national operations which now represent a volume in excess of \$300,000,000 annually.

ACCOUNTS RECEIVABLE FINANCING
INDUSTRIAL FACTORING
INSTALLMENT FINANCING
REDISCOUNTING
MACHINERY AND EQUIPMENT LOANS
INVENTORY LOANS



MAIN STREET (Continued)

catur, Illinois, succeeding W. R. Mc-GAUGHEY who resigned last year because of poor health. Mr. JOYNT has been with the bank for 42 years and is only the fourth president to serve since the bank was established in 1860.

The Franklin National Bank of Franklin Square, New York, celebrated the 162nd birthday of Benjamin Franklin with a month-long exhibition of Frankliniana. It also published a substantial booklet entitled An Exhibition of Benjamin Franklin, selling at 50 cents a copy, the proceeds going to Nassau County charities.

J. H. CHAPMAN, JR., has been elected president of Peoples National Bank of Pulaski, Virginia. He is also trust officer and secretary of the board of directors. WALDEMAR WALLNER was named vice-president; W. L. DUDLEY, vice-president-cashier; C. M. HAYTER, chairman of the board; MADGE BEDWELL, assistant cashier.

ERNEST Z. ELLEMAN, executive vice-president of the Second National Bank of Richmond, Indiana, was advanced to president, succeeding DUDLEY N. ELMER, who was named chairman of the board. B. N. JOHNSON, a director for many years, was named a vice-president.

IRVING A. BARRETT, C. EDWARD BERRYMAN, and F. TAYLOR ROOT have advanced to vice-presidencies at the Marine Trust Company of Western New York, Buffalo.

ANTHONY D. FAMIGHETTI, cashier of the First National Bank of Glen Head, New York, has been named to the bank's board. He's a graduate of the American Institute of Banking, and presently treasurer of Nassau County Chapter A.I.B.

Gloucester (Massachusetts) Safe Deposit and Trust Company announces these advancements: ISAAC PATCH, chairman of the board; W. H. OTIS, president; FREDERIC W. FROST, treasurer and secretary.

CLARENCE S. CLOETINGH is now vice-president and cashier of the National Lumberman's Bank, Muskegon, Michigan. New vice-presidents

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MAKE Credit approved

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> Your customers' credit losses represent Capital and its earning power Gone Forever

AN EVER INCREASING group of manufacturers, wholesalers and service organizations are transforming customers' Promises to pay

into a Guarantee that they will be paid. This protection for commercial customers is being recommended by many banks before approving loans . . . There is no charge to include banks as a named assured.



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Credit Insurance is a Credit Tool . . . it is NEVER a substitute for a Credit Department.

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An Outstanding CLEANER and RUST PREVEN-TATIVE tor Safe Deposit and Vault Doors! Leading banks throughout the country seelaim Kensol Vault Oil because it will not thew stale, even on white oleth! It's a big time sever, toe . . . applied by apraying from plastic squeeze bottle. ALL KENSOL PRODUCTS ARE UNCONDITIONALLY GUARANTEED!

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Are you curious about Arizonabusiness-wise, water-wise, vacation-wise, just generally? We'll take pleasure in answering your questions.

Also - our weekly comment "Business Trends in Arizona" is yours for the asking.

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Customers SAVE—You PROFIT

The natural urge to save is practically irresistible when the suggestion is made attractive by Bower Visible Coin Banks. These self liquidating advertisements carry your name into the homes of your customers and you profit as your friends develop thrifty habits. Remember, these banks cost you nothing when you sell them for \$1.00 each—your cost. Send for full information.

Bower Manufacturing Company
1038 S. Tenth St. Goshen, Indiana

AIR REDUCTION COMPANY

60 East \$2nd Street New York 17 N.Y.

143rd CONSECUTIVE COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of 35¢ per share on the Common Stock of the Company, payable on March 5, 1953 to holders of record on February 18, 1953, and the fifth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable March 5, 1953 to holders of record on February 18, 1953.



T. S. O'BRIEN, Secretary

January 28, 1953

AUTOMATIC TELLERS CASH TICKETS

Self-duplicating with clean the carbons, these tracks speed additing procedures. Numbered or plant in pink or white packaged 1000 to box Quantity discounts. Immediate shipment Write for the camples and prices.

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are: John N. Dykema, George W. Hansen, and Hilmer A. Anderson.

ARTHUR P. RINGLER was elected vice-president and comptroller of Chemical Bank & Trust Company, New York, succeeding Leonard E. LIVINGSTONE, comptroller since 1929, who has been elected vice-president to serve until his retirement later this year. George A. Peer was named vice-president and treasurer.

FRANK E. CASE has been named supervisor of investments of The Royal Bank of Canada, Montreal. He has been with the bank since 1928 and with its investment department since 1945.

NANCYE B. STAUB, since 1945 assistant secretary and assistant trust officer of the Morristown (New Jersey) Trust Company, has been advanced to assistant vice-president. MRS. STAUB is an authority on estate planning and frequently speaks at finance forums. She has been a contributor to BANKING.

At the Malden (Massachusetts)
Trust Company, HAROLD E. MACINNIS was named senior vice-president and Francis E. Luckett became auditor. Mr. MACINNIS joined
the bank in 1907.

With 2,947 class enrolments for its fall semester, Los Angeles Chapter, American Institute of Banking, ranked first in the nation in class enrolments. Los Angeles ranks second to Chicago Chapter in membership. New York Chapter is second in class enrolments.

The First National Bank of Altoona, Pennsylvania, now has its own parking center in which it offers 15 minutes of free parking to its customers. Uniformed attendants do the parking. Public parking is also available for a small charge. The black-topped parking lot accommodates 60 cars.

New Books

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PROGRESS IN PRODUCTIVITY AND PAY-ALL U. S. MANUFACTURING COMBINED. Eddy-Rucker-Nickels Company, Cambridge, Massachusetts. 72 pp. \$2.50. A firm of management consultants publishes the results of a research analysis of productivity in American manufacturing based on 33 years of data and trends from 1914 to 1947. The basic data used are U.S. Census of Manufactures figures for those years. In that period, the study reports, productivity increased 161 percent and pay (real wages) per man-hour increased almost the same amount, 157 percent. Gains in production on the whole have been accompanied by corresponding declines in average manufactured product relative prices. A series of projections shows what the nation should achieve by 1960-for example, a gain in productivity per man-year of 34 percent over 1947; a continuance of "labor's share of production" at the average rate of 39.395 percent of production value, amounting in 1947 dollars to some \$20-billion more than in 1947; and a 34 percent increase in the average annual income per worker, without inflation.

INTRODUCTION TO BUSINESS FINANCE. By Bion B. Howard and Miller Upton. McGraw-Hill, New York. 552 pp. \$6. This textbook presents the subject from the point of view of internal management. One section is devoted to financial planning and budgeting. Mr. Howard is associate professor of finance at the Northwestern University School of Commerce. Mr. Upton is dean and associate professor of finance at the School of Business and Public Administration, Washington University.

THOMSON'S DICTIONARY OF BANK-ING. By R. W. Jones. Philosophical Library, New York. 710 pp. \$15. Tenth edition of a British work. The compiler of this "concise encyclopedia of banking law and practice" is a Fellow of the Institute of Bankers.

A STUDY OF MONEYFLOWS IN THE

UNITED STATES. By Morris A. Copelund. National Bureau of Economic Research, Inc., New York. 235 pp. \$7.50. This intricate study "presents a comprehensive set of annual estimates of moneyflows in the

United States during the seven years 1936-1942, and some tentative interpretations of these estimates with special reference to monetary theory." The author is professor of economics at Cornell University.

Facts about MOBILE HOME instalment credit!

VISIT THE TCMA EXHIBIT, BOOTH 3, AT THE NATIONAL INSTALMENT CREDIT CONFERENCE

March 23-25, LaSalle Hotel, Chicago

The Trailer Coach Manufacturers Association invites you to a special display on the financing of trailer coach homes. Members of the TCMA staff and the Banking Committee will be there to help you with valuable information on mobile housing and to explain TCMA's experienced counseling service to banks on the matter of trailer coach paper.



20 North Wacker Drive, Chicago 6, Illinois



THE TEXAS COMPANY

——202nd —— Consecutive Dividend

A regular quarterly dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company has been declared this day, payable on March 10, 1953, to stockholders of record at the close of business on February 6, 1953.

The stock transfer books will remain open.

ROBERT FISHER

January 23, 1953

Treasurer



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LaSalle Hotel, Chicago

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7240 So. Ashland Avenue Chicago 36, Illinois

Successful Shopping Center Banks

EDWARD R. LUCAS

The element of risk in shopping centers has been the uncertainty involved in setting down an entire new, integrated business community in an area in which no community of businesses had operated before. In theory at least, establishment of a bank in such a shopping center would be more hazardous than its location in an established downtown neighborhood, or highway business district of known potential.

The postwar development of the integrated shopping center has shown that a properly planned center can attract the traffic and consumer dollars of an area by changing the shopping "allegiances" of its residents. It can even become a factor in bringing new, permanent residents into such a district.

The success of these shopping centers has stimulated plans for establishment of similar centers in many parts of the country. That means many new opportunities for establishment of branch and independent banks in the large- and medium-sized centers. Just how good are those opportunities likely to be, and what special conditions or circumstances is the bank executive likely to encounter?

The opportunities should be excellent, to judge from the rapid growth and success of two banks established in shopping centers located in, and near Seattle, Washington. Bellevue Shopping Square, established in 1946, is located in a rapidly expanding suburban area east of Seattle within 15 minutes driving time of the city limits. Northgate, the larger of the two centers, was established in 1950 and is located about six miles north of Seattle's city center in an area recently annexed by the city. In planning, layout, and in their operation as integrated business communities, Bellevue and Northgate are two of the outstanding shopping centers in the country, and serve in many respects as prototypes for other shopping centers planned and under construction in other sections of the country.

Populations Served

Bellevue Shopping Square serves an immediate area with a population of 25,000 with an additional 35,000 living in contributing areas. It has over 35 stores and services and is in the category of a "suburban" shopping center.

Northgate serves an immediate area with a population of more than 300,000 persons. It has over 70 stores and services and greater variety and depth of merchandise, and is in the category of a "regional" shopping center.

Both centers are extremely modern and attractive in architecture and store design, have plentiful parking space (1,000 cars can park at Bellevue, over 4,000 at Northgate) and inconspicuous service facilities, have a well balanced assortment of stores and services, operate under a single ownership agency, rent building space under percentage rental arrangements, and both have been outstandingly successful.

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The First National Bank of Bellevue was established about six years ago. Miller Freeman is president and Willaim L. Matthews is executive vice-president and manager. Growth of the bank is indicated by the fact that when Mr. Matthews assumed his position as manager in August 1947, the bank's deposits totaled about \$300,000. In its statement of condition of September 5 last year, deposits were shown at more than \$3,000,000.

A point made by Mr. Matthews is that even though the bank operates in an integrated shopping center, it is by no means isolated from other business institutions outside the center. It extends the same services, and welcomes the business of firms outside the center. And by the same token, it expects to compete with outside banks for the business of firms in Bellevue. It must give services to get the patronage of Bellevies.

Middle Ages shopping center in Nuremberg, Germany, with the city market in the center of the city square is reminiscent of some European cities today, with their city markets in city hall square or in other central areas



BANKING



The First National Bank of Bellevue



Northgate Branch, National Bank of Commerce

vue businessmen, to whom proximity is not, of course, the only consideration.

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Mr. Matthews notes that there is a large proportion of small personal checks drawn on the suburban bank. The result is that there is considerable labor expense involved in processing accounts. In loans, he notes a preponderance of home mortgage loans and conditional sales contracts.

Northgate's Growth

The Northgate branch of the National Bank of Commerce of Seattle, was established in August 1949 in temporary quarters when Northgate was mostly "mud and sticks." It moved to its present modern building in February 1951. The bank's rate of growth is indicated by the increase of its original four-employee force to its present working crew of 26. In all important respects the bank's growth has been fully satisfactory and it has developed into an entirely profitable operation, Manager Gerald Cruea states. Deposits at the Northgate branch now exceed \$4,000,000.

Mr. Cruea observes that despite the metropolitan assortment of goods and services offered in a center such as Northgate, the bank in such a center must still operate as a neighborhood rather than a downtown institution. Friendly personal relations with customers are particularly important-and are more easily cultivated than in a downtown bank. The proportion of personal to commercial accounts is higher, and the average denomination of check drawn is lower. It is important that checking account services be set up so that the bank does not take a loss on this part of its operation. As in Bellevue, loans are mostly home mortgages and conditional sales contracts. Delivery by tunnel underneath all buildings is a Northgate feature that is appreciated by the bank. It permits the bank to have two main entrances at each end of the building, giving access to two parking areas. Deliveries of supplies are made to a full basement storage room opening onto a tunnel.

The outstanding feature noted by both Mr. Matthews and Mr. Cruea has been the rapid rate of growth due to the growing acceptance by the shopping public of the two shopping centers. And in Bellevue in particular, establishment of the shopping center appears to have stimulated construction of many new homes in the surrounding rural areas despite high land prices, thus adding to the number of customers of stores and services in the center. In both cases, but again particularly in Bellevue, the site of the shopping center was in an area presenting every indication of strong and natural growth; a heavy migration to the north had been underway for some time, and the Bellevue area was presenting about the only outlet for expansion to the east.

Finance First-Hand

M EMBERS of the Finance Officers' Advanced Class No. 6 of the Army Finance School at Fort Benjamin Harrison got some first-hand information on banking procedure recently when they were guests of the Indiana National Bank at Indianapolis. They were entertained at lunch and then were taken on a tour of the bank during which they were shown how each of the departments of the bank operates. A class also was conducted at which bank officials explained different processes of the banking business.

The 56 members of the class that made this tour are in the highest-level Army finance training, Col. F. G. Frazer, school commandant, explained. They are to be among the top Army finance officers of the future.

The visit of the men to the Indianapolis bank was designed to supplement their studies at the Fort and give them a working knowledge of how things are done in a large banking institution.



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There's no trick to operating a Burroughs Commercial Teller's Machine . . . as any one of more than 13,000 tellers in banks everywhere can tell you. Machine operations are simplified to make the machine easy to learn . . . easy to use. Still, the Burroughs Commercial Teller's Machine gives you outstanding audit and protection advantages, along with unsurpassed speed and efficiency for handling commercial transactions—at the lowest possible cost. Get in touch with your Burroughs man-today.

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Business Aids

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EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as a product endorsement.



Chicago, Illinois.

SO YOU THINK YOU'RE INSURED. This booklet answers the eternal question with a spritely series of amusing anecdotes—all based upon actual cases—which point out some 29 gaps "in the bridge to security"—all left void by inadequate or improper insurance coverage. Of course, the moral — better planning. For a copy address: American Motorists Insurance Company, 4750 North Sheridan Road,



GETTING THE BUSINESS. A 24-page treatise on effective advertising methods for developing new trust business. It talks market studies, continuity, coordination, and contact. It discusses media—the printed variety, and above all legwork. It puts down the function of advertising to simply that of conditioning the prospect, where a strong institutional merchandising program can take over to complete

the sale. Write for your copy: Kennedy Sinclaire, Inc., 140 Cedar Street, New York, N. Y.



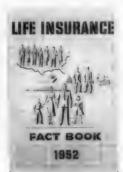
AN ADDING MACHINE representing the "first important change since 1888" has been announced by the National Cash Register Company of Dayton, Ohio. All the keys are electrified.

thus eliminating a separate motor bar, as well as 25 percent or more of the hand motion now required. It operates instantly when the keys are touched and, until the final digit is depressed, permits correction of errors.



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LIFE INSURANCE FACT BOOK—1952 is a convenient reference handbook containing basic information on every phase of the life business. With charts, tables, and commentary, this book gives a statistical analysis of various types of life insurance in force, and related chapters on risks, investments, cost factors, companies and personnel. It is an annual publication of the Institute of Life Insurance, 488 Madison

Avenue, New York City 22—an organization of legal reserve life insurance companies. Address the Institute for your copy.



HOW TO DESIGN A LETTER-HEAD. An interesting "how" booklet showing ways to avoid sameness and mediocrity in the design and type character of business stationery. One of the country's foremost designers illustrates the seven basic types of letterheadings, with several models in each category, that can be readily adapted to individual needs and tastes. A com-

plimentary copy of the portfolio can be obtained from Crocker-McElwain Company, Holyoke, Massachusetts.

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BANKING'S ADVERTISERS

March 1953

Abbott Coin Counter Company 152
Air Reduction Company, Incorporated 160
Allied Finance Adjusters Conference 161
Allis-Chalmers Manufacturing Company 17
Allison Coupon Company, Inc 132
American Appraisal Company
American Central Insurance Company 10
American Credit Indemnity Company 159
American Express Company 73
American Perforator Company 150
American Surety Group 139
American Telephone and Telegraph Company 5
Aro Equipment Corporation 152
Baker, J. Worth
Banco Comercial Antioqueno 120
Bank Building and Equipment Corporation
of America 71
Bank of California 140
Bank of Montreal
Bank of Nova Scotia
Bankers Development Corporation 121
Bankers Trust Company, New York 30
Behr. Karl G
Bower Manufacturing Company
Braunstein & Company, Charles 18
Broadway Plan Church Finance 161
Burroughs Adding Machine Company 8, 9, 164
Business News Associates
Canadian Bank of Commerce 2
Case Company, J. I
"Casey" Coin, Curlo & Antique Co-op 141
Central-Penn National Bank, Philadelphia 11
Chase National Bank of the City of New York 99
Checkmaster Systems Inc
City National Bank and Trust Company of
Chicago
Coast Book Cover Company 117
Commerce Clearing House, Inc
Commonwealth Investment Company 152
Continental Illinois National Bank & Trust
Company of Chicago
Craig Files
Cunneen Company, The 146
Deluxe Cheek Printers, Inc 23
Diebold, Incorporated 153
Douglas-Guardian Warehouse Corporation
Cover II
Downey Company, C. L 133
Educational Thrift Service, Inc 160
Exline, Inc., William 141
Federal Enterprises, Inc 143
Fidelity & Deposit Company of Maryland 134
First Boston Corporation
First National Bank of Arizons
First National Bank of Chicago 15
First National Bank of Philadelphia 23
Flowers of Hawaii Ltd 141
Fuji Bank, Ltd., The
Graphic Chart Service, The
Gunnison Homes
120
and the second
Halsey, Stuart & Company, Inc 130
Hammermill Paper CompanyCover III
Hartford Fire Insurance
Heller & Company, Walter E
Home Insurance Company 125

Imperial Bank of Canada 142
Insurance Company of North America Com-
Insurance Company of North America Companies, Philadelphia 113
International Business Machines Corporation 106
Investors Diversified Services, Inc 122
Julius Mathews Special Agency, Inc., Tho 83
Kensol Corporation 160
access conjunction
Lamonto & Son, George 24
Lefebure Corporation
Lewis, Jr., Fulton 149
W 1 0 W 7 7 7
Marsh & McLennan, Inc 146
Massey-Harris Company
Monroe Calculating Machine Company 78 Mosler Safe Company, The 187
Mutual Broadcasting Company
Mutual Broadcasting Company 149
National Cash Register Company, The
Cover IV
National City Bank of Cleveland 26
National Homes Corporation 19
National Shawmut Bank of Boston 122
Northern Trust Company, The 147
Oliver Corporation
Oliver Corporation 131
Paine, Webber, Jackson & Curtis 132
Patented Plastics, Inc 166
Pennsylvania Department of Commerce 81
Philadelphia National Bank
Picture Recording Company 156
Pittsburgh Plate Glass Company
Purse Company 144
Ralston Purina Company 115
Rand McNally & Company 110
Recordak Corporation (Subsidiary of East-
man Kodak)
Remington Rand Inc
Retail Charge Account Service, Inc 12
Reval Bank of Canada
Royal Bank of Canada 13
Security-First National Bank, Los Angeles 2
Sedgwick Machine Works 1
Shamrock Hotel
Standard Paper Goods Manufacturing Com-
pany
94
Toxas Company, The
Todd Company, Inc., The
Trailer Coach Manufacturers Association 16
Union Pacific Railroad
United Film Service, Inc
United States Fidelity & Guaranty Company
United Weather Tower
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YESTERDAY'S dime bought a loaf of bread; today it buys you only half a loaf.

Yesterday's dollars that paid for a house and furniture, linens, silver, today have barely half as much buy in them. And the limits of fire insurance you bought to protect your investment in house and furnishings at yesterday's values are only half-protection today.

Half a loaf, to be sure, is better than none; and so is half enough insurance. But buying less fire insurance than today's values demand is false economy.

With building and furnishing costs soaring, chances are that if you haven't increased your insurance limits apace, a fire would find you tragically under-insured. Why not have your local agent help you determine your requirements—today?



Your local agent is constantly ready to serve you. Consult him as you would your doctor or lawyer. For U. S. F. & G. claim service in emergency, call Western Union by number and ask for Operator 25.



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83

. 160 . 24 . 128 . 149

. 124 . 135

75

rer IV

26 19

. 122

. 131

. 166

. 81 . 27 . 156

. 116 1-62, 63

. 119 . 13 . 129 . 137

2.2

14

. 18

. 161

. 79

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OUTLOOK -From page 32

terest that is hard to explain by any other reason than a feeling of caution toward the future.

There are many other unfavorable samples but these suffice to explain why optimism today is tempered with caution.

Times of Decision

We often hear it said that we are at the crossroads or at a time of decision. This is a favorite theme of writers and speakers because the truth is we are always at a crossroads or time of decision.

Only by looking backward and measuring changes against a background of history can we judge their relative importance.

Twenty years ago we were at a memorable cross-roads in our history.

Just to recall a few of those decisions that now seem long ago and far away:

Business and banking were put in the doghouse.

We began to make love to Russia.

We fell off the gold standard, or were we pushed?

We opened wide the doors for the Government to engage in all kinds of business.

We gave the Government powers of almost absolute control over business operations.

We embarked on a system of semi-anarchy in foreign trade in 1933 by wrecking the London Economic Conference, the last great effort toward world cooperation before World War II, and its failure the first important step toward that war.

We made epochal decisions by the score without knowing what they meant and many of them now seem completely fantastic.

The Decision Ahead

So it is against that background that we should view the decisions ahead of us.

There are two kinds:

- (1) Relations here between Government, business and labor,
 - (2) Relations abroad with friends of free enterprise. These are the imponderables, the great unknown



"The Government's budget! Well, what about my budget?"

quantities in the business outlook and both are basically matters of human relations.

Relations Between Government, Business and Labor

Will the policies of the new Government be conservative?

Yes, compared with its predecessors, but more of a middle course compared with the regimes of Presidents Coolidge and Hoover. It will be more conservative domestically than in foreign policy because so many of the faces on the foreign end are the same as under Presidents Roosevelt and Truman.

Relations between Government, business and labor should be unusually good because the individuals in control, from the President down, have a great deal of the necessary quality of human understanding.

Will policies be deflationary? Yes, as deflationary as possible without causing a serious recession. It has not taken the newcomers to Washington long to discover two things. There are big opportunities for cutting expenditures and many important toes, are going to be stepped on in the process.

Here are examples of just a few things which new Cabinet members and committee chairmen began to discover before they had their new chairs warm.

There was an item being bought for the Government at a cost of a few cents less than \$5.00 per thousand. Under the special packing instructions for this particular item the additional packing charges alone came to \$56.00 per thousand. This is by no means an isolated case.

The foreign aid program promises to yield astonishing instances of waste. There is the case of a man assigned to an undeveloped area last June with a budget of \$14,000,000 for one year. After six months he reported that the combined efforts of himself and the native government could find use for only \$10,000,000. Early in January he received a reply saying that his report had received careful study and so his budget was being increased to \$18,000,000. Moreover he was expected to get it all spent by next June 30. This man resigned. The incident provides one possible explanation as to why we have spent so much abroad and have so little to show for it in friendship or respect.

Will relations with our friends change? The answer seems obvious. Everything points to a change.

Secretary Dulles put it this way:

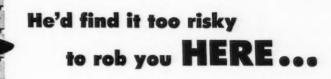
"The heart of a successful foreign policy is our conduct and our people and that is a matter for every individual and not just diplomats."

President Eisenhower said it best of all:

"Mutual security means effective mutual cooperation... We shall give help to other nations in the measure that they strive earnestly to do their full share of the common task. No wealth of aid could compensate for poverty of spirit. The heart of every free nation must be honestly dedicated to the preserving of its own independence and security."

Gratitude, according to a famous definition, is only a lively expectation of favors yet to come, so if we cut our foreign aid program very much or even threaten to do so we can expect the customary reward, a certain amount of resentment on the part of beneficiaries.

WILLIAM R. KUHNS





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